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ANNEX

of the Commission Decision amending Commission Decision C(2019)8640 of 26.11.2019 on the financing of the annual action programme in favour of the Pacific region

Action Document for the Pacific Regional Integration Support (PRISE) Programme

ANNUAL PROGRAMME/MEASURE

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	Pacific Regional Integration Support (PRISE) Programme (Pacific RIP –Priority 1) CRIS number: 2019/039-655 Financed under the European Development Fund (EDF)			
2.Zone benefiting from the action/location	Pacific Region; The action shall be carried out at the following location: All 15 Pacific ACP countries (PACPs).			
3.Programming document	Pacific Regional Indicative Programme 2014-2020 (11 th EDF)			
4. Sustainable Development Goals (SDGs)	Main: SDG 8 & 12 / Secondary: SDG 1, 5, 9, 10, 13, 14, 15.			
5. Sector of intervention / thematic area	Focal Sector 1 Regional Economic Integration	DEV. Aid: YES		
6. Amounts concerned	Total estimated cost: EUR 37 million Total amount of EDF contribution: EUR 37 million			
7. Aid modality and implementation modalities	Project modality: Indirect management with international agencies: Pacific Islands Forum Secretariat (PIFS) – Specific Objective 1/ output 1.3; Pacific Community (SPC) – Specific Objectives 1 & 2/ Outputs 1.2 & 2.3; United Nations Conference on Trade and Development (UNCTAD) – Specific Objective 1/ Output 1.1; and United Nations Capital Development Fund (UNCDF) – Specific Objective 2/ Outputs 2.1 & 2.2.			
8 a) DAC code(s)	33110 Trade policy 33120 Trade Facilitation 33130 Regional Trade Agreement	32130 SME Development 33181 Trade education/training 16062 Statistics		
b) Main Delivery Channel	1000 – Public Sector Institutions			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation in development/ good governance		✓	
	Aid to environment		✓	
	Gender equality and Women's and Girl's Empowerment		✓	
	Trade Development			✓
	Reproductive, Maternal, New born and child health	✓		

	Disaster Risk Reduction	✓		
	Inclusion of persons with disabilities		✓	
	Nutrition	✓		
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	✓		
	Combat desertification	✓		
	Climate change mitigation		✓	
	Climate change adaptation		✓	
10. Global Public Goods and Challenges / thematic flags	N/A			

SUMMARY

Further trade integration and improvements in trade competitiveness will be critical for the Pacific Region to address pending challenges in poverty reduction and inclusiveness. In spite of some progress in reforms over the last decade, trade facilitation and standards remain below the Asia-Pacific average. Legal and regulatory reforms related to World Trade Organization (WTO) compliance commitments have only been partially completed. As a result, the Pacific Region's private sector, in particular Small and Medium-Sized Enterprises (SMEs), face significant challenges in becoming competitive and integrated in regional and global value chains.

The Pacific Regional Integration Support (PRISE) programme aims to support greater circular economic integration among the small and scattered countries of the region, and between the Pacific Region and the global economy. In doing so, it directly responds to the regional economic integration goals set out in the 'Blue Pacific' concept and in the Framework for Pacific Regionalism. It also impacts positively on efforts of Pacific Island Countries (PICs) to deliver Nationally Determined Contributions (NDCs) to the Paris Agreement on Climate Change. It will also consolidate and enhance the results already achieved with past and on-going EU trade related technical assistance programmes at both regional and national levels, and it complements actions being pursued under the 11th European Development Fund (EDF) Pacific Regional Indicative Programme (RIP) Priority 2.1 - Sustainable management of natural resources and the environment. Greater economic integration will secure growth and development, while at the same time improve human well-being, provide decent jobs, reduce inequalities, tackle poverty and preserve the natural capital upon which we all depend.

The overall objective of the Action is to *contribute to improving the economic and social benefits for PACP states arising from stronger regional economic integration*. The programme's **specific objectives are:**

- (1) to increase intra-regional and international trade; and
- (2) to increase the private sector's participation in economic integration.

Six main outputs are envisaged:

- Output 1.1 – Trade facilitation and border/customs procedures are improved;
- Output 1.2 – Sanitary and Phytosanitary services are improved;

Output 1.3 – Capacity for regional aid-for-trade projects is strengthened;
Output 2.1 – Measures to strengthen the enabling environment for inclusive digital economies in the Pacific;
Output 2.2 – Improved digital economy ecosystem for inclusive innovation and consumer empowerment; and
Output 2.3 – Strengthened competitiveness of sustainable agricultural value-chains in the Pacific.

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of Sustainable Development Goal (SDG) 8 'Promote strong, inclusive and sustainable economic growth and decent work for all' and SDG 12, 'ensuring sustainable consumption and production patterns'. It also addresses important aspects of SDG Goals: 1, 5, 9, 10, 13, 14, and 15.

1. CONTEXT ANALYSIS

1.1 Context Description

The Pacific ACP region consists of 15 ACP states spread over an area more than twice the size of Europe. The differences in the size and nature of PACP economies are considerable. Papua New Guinea (PNG), with a relatively diversified economy and an abundance of both land and marine natural resources, has an annual Gross Domestic Product (GDP) of approximately EUR 20 billion. In contrast, one of the smallest PACP countries has an annual GDP of around EUR 35 million. The total population of the region is less than 10 million, with about two thirds residing in Papua New Guinea. In contrast to a total land area of just 528 000 km² the combined Exclusive Economic Zone (EEZ) of the Pacific ACP region is 20 million km² and constitutes the world's largest tuna fishery. In comparison, the total EEZ of continental Europe is about 6 million km².

The Pacific Islands as a group may be the planet's most vulnerable nations to the effects of climate change, with some facing possible obliteration. Pacific Island Leaders, meeting at the Pacific Islands Development Forum summit on 4 September 2015, issued the Suva Declaration, a call to the world to take firmer action on climate change. Specifically, the leaders said that the standard that would eventually be adopted in Paris later that year of limiting global warming to 2°C was 'no longer safe for the survival of our Pacific Small Island Developing States,' and called for global commitments aimed at 'limiting warming to well below 1.5°C above pre-industrial levels'¹.

The Pacific ACP region's guiding framework for economic and social development - the Framework for Pacific Regionalism (FPR) – was agreed by Pacific Leaders in 2014, and further endorsed in 2017 when the 'Blue Pacific' concept was accepted as the core driver of collective action. The FPR policy forms the basis for strengthening regional cooperation and integration efforts for the benefits of the people of the Pacific. Led and coordinated by the Pacific Islands Forum Secretariat (PIFS), the FPR guides the engagement of development partners including the European Union.

Economic growth and sustainable development are two of the four high-level objectives outlined in the FPR, calling for greater economic prosperity through regional economic integration and sustainability and the equitable distribution of benefits and costs by lowering physical and technical market barriers to enable freer movement of people and goods within and among countries. Legally binding arrangements include a commitment to sustainable national resource allocation and a commitment to amend countries national laws / requirements to meet shared regional objectives.

A number of free trade agreements currently exist in the Pacific at intra-regional, regional and international levels, including the interim Economic Partnership Agreement (EPA) between the EU and the Pacific States, being implemented by Papua New Guinea (since 2009), Fiji (since 2014) and Samoa (since 2019). Other PACP have shown varying degrees of interest in acceding to the EPA; the most advanced being Solomon Islands (an accession decision is underway) and Tonga (negotiations on Tonga's market access offer are ongoing). The compliance of member countries to international instruments that govern these agreements varies depending on factors such as availability of resources and enabling infrastructures, commitment to implement at national level and the volume of trade transactions in individual countries.

In December 2018, the United Nations General Assembly concluded its triennial review of the list of Least Developed Countries (LDCs). Four PACP countries will graduate from LDC status soon: Vanuatu (2020), Solomon Islands (2024); as well as Tuvalu and Kiribati (date for graduation to be fixed in 2021). Graduation will affect these countries' preferential access to international markets, including the EU market. PRISE will help these countries to address specific needs arising from LDC graduation and the implementation of the EPA as they liberalise and integrate into the world economy.

¹ <https://cop23.com.fj>

Years of relying on cheap imports and lack of infrastructure investment have left many PACP states with unsustainable food supplies and poor quality living conditions, especially in the atoll nations of Kiribati, Tuvalu and the Marshall islands. Small country size and remoteness from global economic centres makes it difficult for small private sectors to achieve the economies of scale needed to compete in international markets.

Despite many PACP countries being rich in natural resources, receiving high levels of foreign aid and being open to external trade, the economic growth rates of the region are the lowest and most volatile for all groups of developing countries. Growth of Pacific-ACP states will always be limited by their size and geographic remoteness. However, these limitations can be mitigated by closer regional economic integration and by building skills and capacities in economic governance, as well as by encouraging a sustainable and diverse productive base through greater circular regional economic development. Intra-regional trade through the Pacific Islands Countries Trade Agreement (PICTA) is often the starting point for PACP exporters, with two out of three exporters generating orders from within the Pacific. Pacific-based exporters, in general, use intra-regional trade as a means to gain export experience before expanding to Australasia, Asia and beyond.

1.2 Policy Framework (Global/EU)

This programme responds directly to the first priority sector of the Regional Indicative Programme (2014-2020) i.e. (i) increasing the productive capacity for trade, and (ii) strengthening private sector involvement in economic integration. It is aligned with the EU's 'Trade for All: Towards a More Responsible Trade and Investment Policy' (2015)² and with the New Consensus for Development (2017)³, particularly in area 1, which calls for the development of investment and trade, as well as with the EU's 2017 Aid for Trade Strategy⁴. The programme design also takes account of DEVCO reference documents 'The inclusive green economy in EU development cooperation' (09/08/2018)⁵, the Commission's 'Long Term Strategy for a climate-neutral EU by 2050', the EU's 2014 Communication on 'A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries', the EU's Circular Economy Action Plan as well as the updated European Bioeconomy Strategy. The programme also addresses the challenges and opportunities arising from the EPA implementation as well as from the anticipated accessions to the EPA by additional Pacific ACP countries.

In terms of gender equality, the European Consensus commits the EU to 'promote women's and girls' rights, gender equality, the empowerment of women and girls and their protection as a priority across all areas of action' and that 'special attention will be paid to education and training opportunities for girls and women'. The EU is also committed to implementing 'actions to meet the specific needs of youth, particularly young women and girls, by increasing quality employment and entrepreneurship opportunities, supported by effective policies in education, vocational training, skills development'. Finally, the European Consensus, commits the EU to 'promote labour standards that ensure decent employment conditions and decent wages for workers, in particular those defined by the International Labour Organisation, both in the formal and informal sector, including by supporting the transition from the informal to the formal economy and by combating child labour' and to 'promote the UN Guiding Principles on Business and Human Rights'.

At the global level, this programme responds to the World Trade Organisation's 2013 Trade Facilitation Agreement, which seeks to reduce global trade costs by 12.5% to 17.5% with a correspondingly positive effect on poverty reduction and employment. It also responds to the aims of

² http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf

³ https://ec.europa.eu/europeaid/policies/european-development-policy/european-consensus-development_en

⁴ https://ec.europa.eu/europeaid/aid-trade-communication-achieving-prosperity-through-trade-and-investment_en

⁵ <https://europa.eu/capacity4dev/public-environment-climate/documents/inclusive-green-economy-eu-development-cooperation-executive-summary-en>

the Paris Agreement to combat climate change and it impacts positively on PACP efforts to deliver Nationally Determined Contributions (NDCs).

The programme is also consistent with the 2012 Joint Communication ‘Towards a renewed EU-Pacific Development Partnership’ which underlines the growing geostrategic importance of the Pacific making the region an emerging foreign policy priority for the EU. This Communication sets out actions for a more effective Pacific-EU cooperation by stimulating regional integration for inclusive and sustainable growth.

Digital technologies and data are profoundly changing the economy and society and have the potential to thoroughly enable the achievement of the 2030 Agenda and the Sustainable Development Goals (SDGs). With its focus on promoting inclusive digital economies, the PRISE programme contributes in bridging the digital divide and improving the socio-economic inclusion of women, youth and vulnerable populations. At the same time, digital technologies are also crucial for the green transition in line with the European Green Deal.

1.3 Public Policy Analysis of the partner region

The PRISE programme is consistent with the guiding policy framework for the region - the Framework for Pacific Regionalism (FPR) – agreed by Pacific ACP Leaders in 2014, further endorsed by Pacific Leaders within the ‘Blue Pacific’ narrative in 2017. The FPR's calls for ‘a region of peace, harmony, security, social inclusion, and prosperity, so that all Pacific people can lead free, healthy, and productive lives’. In 2017 Forum Leaders endorsed the ‘Blue Pacific’ identity as the core driver of collective action to advance this vision. ‘The Blue Pacific seeks to re-capture the collective potential of the region’s shared stewardship of the Pacific Ocean based on an explicit recognition of its shared ocean identity, ocean geography, and ocean resources’.

The PRISE programme builds on the Pacific Aid-for-Trade (AfT) Strategy (2014-17) which identifies common financing priorities. (A renewed AfT Strategy is planned, including with support from this programme). At the Melanesian Spearhead Group (MSG) sub-regional level, the programme is consistent with the MSG Leaders mandate to deepen economic integration and support the implementation of the MSG Private Sector Development Strategy, which echoes and contextualises many of the recommendations of the Pacific AfT strategy.

The PRISE programme will indirectly support Pacific countries in implementing their NDCs and Climate Strategies 2050, to be submitted to the United Nations Framework Convention for Climate Change (UNFCCC) by 2020, in accordance with the Paris Agreement on Climate Change.

The interventions proposed under this programme present strong linkages with the Waiheke Declaration of 2011 and the Hiri Declaration of 2015 where Pacific Leaders identified agriculture, fisheries and tourism as priority sectors, and which made commitments to creating an environment that is conducive to business, trade and investment, economic growth, including through appropriate regulatory and legal reforms; reducing barriers to regional trade; expanding market access; and building the capacity of economies to benefit from trade and investment opportunities.

The PRISE programme will facilitate annual sector policy dialogues in the areas of regional economic integration, trade and private sector development, promoting the transition to blue, green, circular and carbon-neutral and sustainable development in the Pacific region.

1.4 Stakeholder analysis

The ultimate beneficiaries of the PRISE programme will be the peoples of the Pacific, particularly women and youth, who will benefit through more job opportunities, higher disposal incomes, a better standard of living and a wider selection of regional food products with increased nutritional value. People will also benefit through improved food security, improved consumer protection and a healthier

natural environment. Furthermore, by supporting the private sector development with a strong focus on promoting inclusive digital economies the PRISE programme will contribute to enhanced market participation of rural communities, women, Micro, Small & Medium Enterprises (MSME) and seasonal workers, resulting in poverty reduction, improved livelihoods and economic growth.

Target groups are multifarious including 15 customs organisations, associated departments and related line Ministries including Trade, Finance, Transport, Tourism, Communications, Natural Resources, Health and National Planning and Statistics. Key target groups include quarantine and biosecurity services, regulatory bodies and public sector institutions, e-commerce stakeholders, national private sector organisations, individual business operators, national development banks, state-owned enterprises and business development agencies.

At the regional level, all of the participating regional organisations, i.e. Pacific Islands Forum Secretariat (PIFS), the Pacific Community (SPC), the Oceania Customs Organisation (OCO), the Melanesian Spearhead Group Secretariat (MSG) are direct stakeholders in the PRISE programme. The strength of regional organisations is to serve as the means for delivery to build and supplement national capacities, which, in the case of very small Pacific ACP countries, is limited by lack of resources. This is a long-established and successful model in the Pacific. Beneficiaries of the regional support will include National Private Sector Organisations (Chambers of Commerce & Industry in most Pacific ACP countries), National Trade Facilitation Committees, National Standards Offices (Fiji, PNG and Vanuatu), among others.

The PRISE programme will also provide community empowerment, increased equitable access to benefits and involvement in policy and decision-making, and better access to information. Gender-responsive rights-based capacity building will benefit not only the organisations involved in the programme, but many individuals working, or planning to work in the private sector with a focus on women and youth.

The linkages between PRISE and Pacific ACP countries' policy priorities have been further refined as a result of close consultation with relevant national authorities starting with the Senior Trade Officials in 2013. This resulted in the identification of five priority areas for regional projects that reflect the priorities articulated in the Pacific AfT Strategy. These areas were subsequently incorporated in the 11th EDF Pacific Regional Indicative Programme (RIP) and are now being addressed under this project. Following approval of the Pacific RIP in June 2015, regional organisations and national Pacific ACP governments provided extensive inputs to refine the identification of priority activities under this programme.

1.5 Problem analysis / priority areas for support

With few exceptions, Pacific island countries record substantial trade deficits with the rest of the world – a situation that reflects, among other things, high import demand relative to a capacity to generate export earnings. Unusually high trade-GDP ratios make these small economies among the most open (and externally vulnerable) in the world. A constant challenge facing PACP's is to strengthen export sectors as a basis for accelerated growth, but few have succeeded. In many cases, export activity remains stagnant and, in some cases, has suffered serious decline. Among the major obstacles to trade expansion are persistently low world prices for traditional Pacific Islands' exports, failure to adapt to changing international market conditions, poor trade facilitation and border control, a weak private sector and, in some cases, the adoption of policies and strategies that effectively penalise export. Trade in services through tourism has grown as a result of increased global demand and PACP's comparative advantage in this sector appears to be strengthening. However, due to their remoteness, lack of infrastructure, the high-cost of air travel and the economic impact of the COVID-19 pandemic not all countries in the region have shared the benefits of the tourism boom.

Efforts to enhance PACPs' better participation in international trade need to take account of constraints such as narrow resource base; small domestic markets and remote external markets, and thus small economies of scale; the inadequate supply of basic utilities such as water and electricity and the high costs for energy, infrastructure, transportation, communication and other business enabling services; high vulnerability to natural disasters; limited opportunities for the private sector; and weaknesses in the government departments and state-owned bodies which manage key areas of infrastructure.

Against this backdrop, PRISE seeks to address key problems in the following areas:

a) Trade Facilitation

Improved trade facilitation is a major opportunity for realising the region's trading potential. It enhances export competitiveness, reduces the costs of essential imports (e.g. inputs required for local production) and improves transparency. However, there are major problems to be tackled. Slow customs processing, inefficient ports, and poor physical infrastructure create costly obstacles. Border measures have become increasingly complex, where agencies must comply with an expanding array of trade agreements, often with conflicting terms. Six PACP countries are WTO members and are committed to implement the WTO Trade Facilitation Agreement (see appendix 3 for details on category c notifications). However, further efforts are required to ensure full compliance with commitments. There have been delays and unevenness in streamlining trade-related legislation and procedures. PNG (feasibility study completed with EU support), Fiji (supported via the International Finance Corporation (IFC)) and Vanuatu (supported by the Enhanced Integrated Framework) are working towards establishing National Single Windows.

b) Sanitary and phytosanitary measures (SPS) and Technical Barriers to Trade (TBT)

Throughout the region SPS and TBT are the most widely documented obstacles to export expansion. The weak capacity of PACP exporters to meet target country SPS requirements, standards and technical regulations and conformity assessment procedures, is exacerbated by the lack of modern national SPS and TBT legislation and deficient domestic facilities and services. Improvements in these areas are deemed to be prerequisite to facilitating trade and economic integration throughout the region. The problems arising from the lack of SPS/TBT standards are compounded by the poor coordination of the standards setting process and the lack of awareness by producers and consumers about relevant national and international standards. Strengthening export performance, as well as enhancing domestic food and non-food safety, relies on the adoption of standards. International standards provide a sound basis for national standard setting. Adoption of proper national standards is not only necessary for the safety of domestic consumers but is also important to incentivise production processes suitable to generate exportable goods and services. National Standards Offices (NSOs) exist to promote the standardisation of activities and to increase awareness of and harmonisation with international standards. Currently, only two PACPs (Papua New Guinea and Fiji) have well-established NSOs. The Vanuatu Bureau of Standards was only established in 2017 and is still developing. PRISE will support regulatory, testing and compliance capabilities targeting SPS, TBT and other voluntary standards from the perspective of the product/sector, tailored and driven by market requirements in each PACP country. Particular emphasis will be laid on strategic agri-value chains (see also point (f) below).

c) Building Capacity in Trade

There is a critical requirement to improve the capacity of the governments in the region to undertake further reforms, continuing the work started for regulatory change and strengthening the line ministries' understanding and implementation of its international commitments under various trade

agreements including EPAs. Most public institutions in the Pacific region suffer from a lack of financial and human resources, uneven vertical and horizontal coordination. Skill enhancement is required in all areas of trade and commerce; to ensure compliance with laws and regulations; to moderate consultative processes; to provide access to information on regulations and to settle trade disputes. EPA support is currently provided through PIFS/ EPA Outreach Programme, which disseminates information on the benefits of EPA and helps countries undertake the necessary preparatory studies etc. However, further work is necessary, for example; in promoting competitiveness interventions, such as EU-PACP Business-to-Business (B2B) industry-learning visits and participation at trade shows as well as promoting ownership by the private sector and civil society by continuing Trade/NCD initiatives and by encouraging their greater participation in National trade fora, especially for trade issues which have implications for the environment and public health. Ensuring that all EPA-graduating PACPS move in the same direction would add meaning and substance to the Framework for Pacific Regionalism (FPR). There is also an absence of accurate investment and trade statistics, essential to ensuring transparent economic and fiscal management and to inform policy-making. Political will for change, staff empowerment and institutional retention, improved governance and transparency are also necessary to ensure that policy measures can be monitored and implemented. PRISE will include support across line ministries engaged in trade and investment-related issues to improve analytical capacity by building skills and providing assistance in technical areas as well as on the monitoring of progress and production of statistical data.

d) Enabling environment for inclusive digital economies in the Pacific

Emerging digital trends in the global economy are rapidly spreading over the PACP countries. Digital financial services and business platforms are growing in the Pacific Island countries since the last decade. Still, the overall ecosystem and infrastructure is at early stage of its evolution towards an inclusive digital economy in the Pacific region. Underutilisation and lack of last-mile coverage remain critical barriers to the realisation of the full potential of emerging digital economies in the Pacific Island countries. Furthermore, there is still headway to be made in proving the business case of digital products and services developed for low-income segments.

Pacific governments and regulators also need support as they grapple with a rapidly changing environment, propelled by the revolution in data and digital technology, in many different ways amplified by the COVID-19 pandemic. Whereas considerable progress in financial inclusion has occurred, vast swaths of the Pacific remain unbanked and are at risk of being excluded from the rapidly developing digital economy. Policies and supportive ecosystem will be key to foster innovation enabling MSME, women, farmers and various other low-income groups access and benefit from digital financial services, e-trade and emerging digital platforms.

Design and implementation of prudent policies and strategies are essential at this stage of the growing digital ecosystem in the region. Limited availability of data and evidence in the region remain as a challenge to design informed policies and roadmaps for addressing specific market constraints and narrowing digital divide, especially benefitting the rural communities, MSME, women, labour mobility workers and other last mile segments.

UNCDF has developed Inclusive Digital Economy Scorecard (IDES) to track progress of various key components of the digital economy in the region which will help the governments and regulators assess the dynamic landscape. Additional data and evidence generation initiatives for specific market segments will be essential for enabling policies and regulations.

Emerging digital innovations in the financial sector and trade has also brought new issues and challenges for regulators to address risks and ensure customer protection. National strategies and regulations need to manage the critical balance between fostering innovation and associated risks in the market. Pacific governments and regulators need capacity building support to strengthen their

understanding around diverse policy options, their potential market impact and their alignment with industry incentives.

Accelerating policy reforms and adoption of new policies and strategies will be key for the growth of the inclusive digital economy ecosystem in upcoming years. Key priorities identified in the regional and national contexts are: (1) Addressing specific regulatory and market barriers that prevent large-scale use of mobile money and other digital financial services, (2) Digitalisation of social safety support disbursements and promotion of innovative e-government initiatives to enhance efficiency and transparency, (3) Promoting interoperability in digital financial services and payments across different layers and support to build required infrastructure, (4) Enabling policies and regulations promoting growth of inclusive e-commerce ecosystem, (5) Supporting innovation through regulatory sandbox and other context specific approaches.

The PRISE programme will provide capacity building and technical support to the PACP governments and regulators to design and adopt enabling policies and regulations, prioritizing inclusive digital financial services, digitalisation of public services and e-government initiatives and inclusive e-commerce.

e) Digital ecosystem for inclusive innovation and consumer empowerment

Technical and resource support for de-risking innovative digital business models is limited in the Pacific context for local innovators. Also, external players in the FinTech, e-commerce and other digital services are yet to explore the potential of untapped Pacific markets. Capacity building support for MSME, women entrepreneurs, agriculture value chain stakeholders and other stakeholders to effectively participate and benefit from the emerging digital economies are limited in scale too.

Digital and financial literacy of the rural communities, low-income groups and last mile segments need to be strengthened in upcoming years to accelerate customer uptake of innovative services and ensure customers are empowered to protect themselves from evolving risks in the digital economy while accessing these services. Strategic initiatives are required targeting priority segments to promote digital and financial literacy and strengthen customer protection policies and mechanisms.

Supporting innovative business models to pilot and scale will be crucial to widen outreach of digital products and services in the Pacific market. PRISE programme will provide funding support and technical assistance to private sector stakeholders in such initiatives. The programme will also jointly design and implement initiatives promoting digital and financial literacy and customer empowerment partnering with regional and national organizations, private sector service providers and regulators.

f) Value-adding

Approximately 80% of people in the Pacific Islands live in rural areas and earn their livelihoods from agriculture, fishery and forestry. More than 90% of rural people are semi-subsistence smallholder farmers and women are often primarily responsible for farming activities. Traditionally, PACP country exports have consisted of raw or partially processed goods such as minerals, fish, sugar and other agricultural resources. Rural farmers generally have limited markets for their produce and little access to distant markets. Processing and value-adding can enhance market access, especially if products can be processed locally and transported to distant markets or central distributors. PRISE will adopt a market-driven approach to identify the best opportunities for value-added, climate-sensitive and increasingly carbon-neutral products. It will also explore the potential benefits of introducing Geographic Indications (GI) labelling as a means of adding value to Pacific products. Through PRISE, (component 2.3), support to PACP countries will consist of two mutually inclusive pathways: (i) to facilitate access to strengthen local and export markets and (ii) add value to locally produced products destined for export.

EU's comparative advantage: The EU has a clear comparative advantage of working on regional integration issues, especially in Trade Facilitation and SPS. The EU has also been a leader on the Agenda 2030 and on promoting the transition towards circular, sustainable and carbon-neutral economic development by 2050. Building a strong enabling environment for the private sector in PACPs is a challenging task and not something that can be achieved overnight or by a single organisation. It is for this reason that the EU will partner with UNCDF under the PRISE programme to the implementation of the 'Pacific Digital Economy Programme'⁶ to strengthen the enabling environment for inclusive digital economies in the Pacific and improved digital economy ecosystem for inclusive innovation and consumer empowerment. The support contributes to private sector development with a strong focus on promoting inclusive digital economies in the Pacific region, thus being in line with the objectives of the PRISE Programme as well as the EU's external policy objectives in the Pacific.

Prioritisation of actions has been aligned to the RIP, with a focus on meeting FPR policy objectives, building capacity for implementing regional commitments, and strengthening the regional integration process. This prioritisation has led to two critical areas of support: (i) to increase intra-regional and international trade, and (ii) to increase participation of the private sector in economic integration

2. RISKS AND ASSUMPTIONS

Risks	Risk level	Mitigating measures
Trade facilitation reforms may not be sustained beyond the funding window of the project	M	Ensure that there are strong capacity building initiatives under each activity and focus on organisational learning. Avoid promoting reforms that cannot be self-sustained. Coordinate closely with the World Bank's Trade Facilitation Support Programme, UNCTAD's Automated System for Customs Data (ASYCUDA) World programme, the WTO's TFA Facility and other donor programmes active in the sector to ensure that National Trade Facilitation Committees are strengthened.
Growing competition and economic uncertainty in the face of a global slowdown could trigger protectionist tendencies in some international markets and slow the momentum of Pacific integration efforts.	M	Regular political dialogue with high level Pacific sectoral bodies and the various national governments, as well as intensive dialogue in the course of the programme implementation (through EU Delegation to Pacific Forum).
Low level of ownership and low absorption capacity of the institutions involved.	L	Assistance in building up institutional structures and capacities (stakeholder consultation workshops & consultations with existing and potential new institutions to assess and (re)confirm interest) will strengthen both ownership and also the capacity to absorb the technical assistance. Strengthening development partner coordination mechanisms and division of labour would also help to avoid conflicting messages, and improve the absorption capacity of institutions and private stakeholders.

⁶ The two-year inception phase of this programme funded by the Australian Government is currently ongoing and will end in December 2022.

Trade mainstreaming prescriptions are rejected by PACP political leaders	M	Avoid 'one size fits all' approach and integrate trade governance mechanisms within the existing framework of economic governance in each PACP State
Agencies active in the business environment sector might opt to compete rather than co-operate.	M	Consultation with relevant agencies starting at the identification phase continuing throughout formulation and implementation
Export pathways are suspended and not re-opened due to lack of national coordination	M	Prioritising national market access needs through formation of public-private committees which can provide fast responses to emerging challenges
Lack of development partner coordination leads to replication and duplication and conflicting strategic direction.	H	Regular and structured development partner coordination meetings should be held with key donors. Such meetings will be chaired by each of the 4 implementing partners coordinated by PIFS/PRISE coordinator.
Coordination problems between regional and national envelopes	M	Information sharing (steering committee outcomes and reports) and joint-coordination of some activities between regional and national programmes. The PRISE Programme Coordinator will facilitate complementarity through the RAO office.
Impact of COVID-19 that may result in lockdown, economic downturn, work disruptions, travel restrictions etc that can severely impact project implementation.	H	The COVID pandemic has accelerated the uptake of digital solutions. A stronger focus of the PRISE programme on digitalisation will take advantage of this development.
Assumptions		
The macroeconomic situation remains stable in the medium term. While the international economy may be faced with a downturn, the risks associated for the programme's objectives are limited. There is a continuous commitment of PACP governments to strengthen institutional capacity and further economic integration. Governments remain committed to fully implement the WTO TFA.		

3. LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons Learnt

Since 2005 the European Union has significantly expanded its investments in building trade capacity of PACPs. Earlier 9th EDF interventions had focussed trade assistance on support to the establishment of a free trade area and the strengthening of wider involvement in regional and global processes through the ‘Pacific Regional Economic Integration Programme’ (PACREIP). The 10th EDF had a wider scope of intervention through the ‘Strengthening Pacific Economic Integration Through Trade’ (SPEITT) programme, implemented in the form of four regional projects (Pacific Integration Technical Assistance Project (PITAP), Increasing Agricultural Commodities Trade Project (IACT), Trade Facilitation in Customs Cooperation Project (TFCC) and the Pacific Regional Tourism Capacity Building Project (PRTCBP) and focussed respectively on trade negotiations and policy (EUR 13.9 million), commodity trade including also forestry and aquaculture (EUR 8.55 million), customs (EUR 7.57 million) and tourism capacity building (EUR 4.73 million).

The evaluation of the 10th EDF Pacific RIP, (EEUCPR, 2006-2012), concluded that *‘the support to regional economic integration has included abundant resources to support trade negotiation capacity in regional organisations, and while 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 and development of the private sector export capacity’*.

This programme takes into account the recommendations of that evaluation by:

- Envisaging allocations for sub-regional organisations moving at a different pace, notably the MSG – Recommendation No. 2
- Generating economies of scale by building critical mass of expertise at regional level – Recommendation No. 6
- Discontinuing support for trade negotiations and reallocating resources towards private sector-related recommendations of the Pacific Aft Strategy and, for trade agreements, activities will shift from formulation and negotiations, to implementation - Recommendation No. 10
- Carefully assessing and addressing the key challenges faced by the region with the production of trade statistics – Recommendation No.14.

Lessons learnt also include; the importance of involving executive teams of national agencies to increase support for regional projects; the need to adopt a holistic approach to the PACPS’ trade challenges by incentivising cooperation between different national agencies; the need to build strong governance mechanisms in support of the project’s policy priorities; and, the importance to involve NSAs in a more comprehensive fashion.

Finally, a strong focus on carbon-neutral economic development will be essential in order to successfully implement the Paris Climate Agreement. The private sector will play a pivotal role in the economic transformation towards a Blue Economy. The PRISE programme and the Investment Facility for the Pacific will facilitate this transformation.

3.2 Complementarity, synergy and donor coordination

At PACP country-level, PRISE will complement 11th EDF National Indicative Programme (NIP) funded trade-related assistance in Papua New Guinea, which has a focus on capacity building in trade policy formulation and implementation, trade policy analysis and trade negotiations, quality institutions, SPS and TBT. It will also complement the 11th EDF Vanuatu Value Chain programme (EUR 25 million), which supports the development of three strategic value chains (coconuts, beef, fruits & vegetables). Synergies will also be sought with the Partnership for Sustainable Agro-Forestry

(PSAF) programme in Timor-Leste. Many of the activities implemented through PRISE, particularly in SPS/TBT, will help PACP countries realise their climate change targets and goals.

At the Pacific regional level, the PRISE programme will complement several recently launched projects, including the Pacific-EU Marine Partnership Programme (PEUMP / EUR 45 million), the Pacific-EU Waste Management Programme (PacWaste Plus / EUR 16.5 million) as well as the Investment Facility for the Pacific (IFP).

In the second semester of 2019, the EU Delegation conducted a major ‘Study on investment opportunities in the Pacific region - Towards a carbon-neutral, blue/green, circular, inclusive and sustainable future’, financed through the Study Facility, which will be complementary to the PRISE programme.

Additionally, a number of complementary regional and international initiatives are undertaken by the World Bank (WB); the International Finance Corporation (IFC); the Asian Development Bank (ADB) and; the United Nations Conference on Trade and Development (UNCTAD)

Encouraging greater private sector development in the Pacific is an important priority for development partners. Australia’s 2017 *Foreign Policy White Paper* identifies private sector development as a key pillar for Australia’s engagement with the Pacific⁷. Similarly, New Zealand’s 2015—2019 Strategic Plan prioritises private sector-led growth to support sustainable development in the region

Moreover, significant multi-donor initiatives exist in this area such as; the Pacific Private Sector Development Initiative (PSDI); the Pacific Regional Infrastructure Facility (PRIF); the Pacific Financial Technical Assistance Centre (PFTAC); the Enhanced Integrated Framework (EIF) and, the Overseas Development Institute (ODI) Fellowship Scheme.

Donor partners are actively supporting regional initiatives, including development of digital economies, in areas covered by the project. A selection of key programmes in which PRISE will associate are briefly described below:

1. ADB’s Private Sector Development IV (PSDI) programme – this programme is co-financed with Australia and New Zealand (USD 35 million) and helps Pacific countries to improve the enabling environment for business and supports inclusive, private sector-led growth.
2. The EU-ADB Pacific Micro, Small & Medium Enterprises (MSME) Finance Project (EU co-financing of EUR 12 million via the 11th EDF Investment Facility for the Pacific).
3. Intra-ACP Private Sector Development Framework (2014-2020) - a EUR 600 million programme that supports the implementation of the ACP Private Sector Development Strategy (incl. business enabling environment initiatives and programmes strengthening productive capacities and value chains; Fit For Market Programme – Strengthening competitiveness and sustainability of the ACP horticultural sector and SPS systems in ACP countries for the horticultural sectors; Farmer’s Organisations for ACP Programme, etc.).
4. Enhanced Integrated Framework (EIF) Phase II - a multi-donor initiative to mainstream trade into national development strategies of LDCs.
5. The World Bank’s Pacific Regional Connectivity Program that is improving access to telecommunications and other information communication technologies in countries across the region.
6. Australia & NZ supported Pacific Horticultural and Agricultural Market Access Program (PHAMA) providing practical and targeted assistance to help Pacific island countries manage regulatory aspects associated with exporting primary and value-added products.
7. Pacific Agreement on Closer Economic Relations (PACER) Plus Readiness Package (AUD 4 million, plus NZD 4 million) and Implementation Package (AUD 19 million, plus NZD 7 million). The PACER Plus Readiness Package is provided by Australia and New Zealand to support

⁷ Australia Department of Foreign Affairs and Trade. 2017. *Foreign Policy White Paper*. Canberra. This reinforces themes identified in the 2015 *Aid Development Policy*.

‘readiness’ activities, including Customs modernisation, harmonisation, implementation of up to date tariff codes and transposition of schedules. Further support will be available following entry into force.

8. Market Development Facility (Australia) partners with a range of businesses in Fiji, PNG and Timor Leste to stimulate investment, business innovation and regulatory reform to benefit people involved in tourism, export processing and horticulture industries.
9. Trade Facilitation Support Programme (World Bank Group).
10. UNCDF has accelerated digital financial inclusion in the Pacific during the last decade through the ‘Pacific Financial Inclusion Programme (PFIP)’. The programme has helped over 1.78 million low-income Pacific islanders gain access to financial services and financial education. It was jointly administered by the UN Capital Development Fund and the UN Development Programme, and received funding from the Australian and New Zealand Governments, and the European Union. The programme finished in 2020 preparing the ground for the broader Pacific Digital Economy Programme (PDEP).
11. The PDEP aims to support the development of inclusive digital economies in the Pacific, more specifically in Fiji, Tonga, Samoa, Vanuatu and Solomon Islands. The two-year inception phase is funded by the Australian Government and jointly administered by UNCDF, the UN Conference on Trade and Development (UNCTAD), and the UN Development Programme (UNDP).
12. Another programme currently implemented by UNCDF, ‘Digital Finance for resilience in African, Caribbean and Pacific countries’ (DF4Res), is funded by the European Union (EU). This initiative promotes the development of innovative digital solutions that can bring financial services within reach of low-income households and marginalized communities in the wake of the COVID-19 pandemic.

Donor coordination is undertaken at various levels at national and regional. The Regional Development Partner Roundtable is linked to the annual Forum Economic Ministers Meeting. There it also regular Pacific donor coordination meetings, involving the EU, ADB, Australia, New Zealand, the World Bank, the International Monetary Fund (IMF), and the Japan International Cooperation Agency (JICA). The seven parties meet under the ‘heptagon’ banner.

4. DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objectives, expected outputs and indicative activities

The programme's **overall objective** is to *contribute to improving the economic and social benefits for PACP states arising from stronger regional economic integration*. The programme's **specific objectives** are to, 1) increase intra-regional and international trade, and 2) increase participation of the private sector in economic integration

To address the problems identified and to ensure a balance between equitable benefits for all the PACP countries and a demand-driven approach recognising the diversity of gender-responsive rights based needs and opportunities across the 15 PACP countries, the Action will adopt an integrated approach, with inter-related components implemented by several agencies, revolving around six outputs aligned with the priority area 1 of the Pacific RIP (2014-2020). To the greatest extent possible, programme activities will be implemented mindful of the goals of Pacific RIP's priority area 2 - Sustainable Management of Natural Resources (sustainable fisheries and waste management). Joint efforts between the two priority sectors will be encouraged, where appropriate.

The PRISE programme will be implemented in line with Pacific Leaders’ ‘Blue Pacific’ narrative and mindful on our ambition alliance on climate action, and aligned with the Nationally Determined Contributions (NDCs) and the Climate Strategies 2050, which Pacific countries and the EU will submit to UNFCCC until 2020, in accordance with the Paris Agreement.

Output 1.1 – Trade facilitation and border/customs procedures are improved. To achieve this output specific activities will target regional and sub-regional organisations, governments and national organisations. A close collaboration with national and local civil society organisations will be fostered as appropriate, including through National Trade Facilitation Committees. **Key activities** will focus on: (1) assisting PACP countries comply and benefit from trade facilitation reforms, in particular with regard to countries' notified Category C provisions for WTO Members; (2) harmonisation of customs operations across all countries including extending the range and scope of customs management systems, improving Electronic Data Interchange (EDI) between traders and Customs leading to greater speed and efficiency in port handling and generating trade data that can be used for statistical economic analysis; (3) establishing National Single Window systems in five PACP countries⁸ as a precursor to rollout across the region; and, (4) Capacity building to strengthen technical understanding, leadership, as well as statistical capacity to drive further customs reform. Special attention will be given to building capacities within the Oceania Customs Organisation (OCO) and the Melanesian Spearhead Group Secretariat, supporting the latter, in particular, to implement tailored sub-regional trade and investment related policies.

Output 1.2 – Sanitary and Phytosanitary services are improved. This output will be achieved through specific activities targeting international and regional organisations and governments at national levels. **Key activities** will involve; (1) updating Biosecurity legislation for all PACP countries and aligning such legislation to international SPS standards (IPPC, OIE & Codex Alimentarius); (2) upgrading the skills of Biosecurity staff responsible for cross border inspection/clearance, sampling and treatments with the aim of speeding-up port processing times, (training will be run in tandem with the introduction of the Single Window system (activity 1.1.3); 3) a robust updating of Pest & Disease information and the formalisation of a Pacific Regional Pesticide Registration Scheme (PRPRS) together with protocols for Import Risk Analysis (IRA) and post-entry quarantine isolation; 4) introduction of Animal health emergency preparedness and response plans to mitigate exotic animal threats, and the establishment of an ISO-standard accreditation scheme for veterinary diagnostic laboratories will be established. Associated training for paravets and others will accompany this activity; and (5) targeted institutional strengthening

Output 1.3 – Capacity for regional aid-for-trade projects is strengthened. This output will be achieved through engagement with regional and sub-regional organisations, governments and national organisations, international organisations and in close collaboration with the private sector and civil society organisations. **Key activities** will include; (1) strengthening PACP government's trade and investment related institutions in their capacity to formulate trade and investment laws, regulations and policies and to manage implementation and compliance. Actions will include building skills and providing assistance in technical areas and creating linkages among sub-regions. This activity will also facilitate annual sector policy dialogues in the areas of regional economic integration, trade and private sector development, promoting the transition to blue, green, circular and carbon-neutral and sustainable development in the Pacific region. A significant focus on mainstreaming gender, poverty and social equality will be integrated into trade related activities. (2) activities to help countries implement their obligations under EPA and to assist others wishing to accede to EPA (3) updating the Pacific's Aid-for-Trade strategy and facilitating member country implementation including the establishment of intra-PACP peer-learning attachments; and (4) development and integration of a statistical monitoring framework that contributes to monitoring the process and results of regional integration. Data will be obtained from a variety of sources including from SPC's Pacific Regional Information System (PRISM), SPTO, the private sector and from the new and improved automated customs systems introduced under Activity 1.1.2

Output 2.1 – Measures to strengthen enabling environment for inclusive digital economies in the Pacific. To achieve this output, PRISE will contribute directly to the implementation of the 'Pacific Digital Economy Programme' (PDEP) by UNCDF. Specific activities will be undertaken in

⁸ Fiji, Samoa, PNG, Solomon Islands, and possibly Timor Leste

partnership with Pacific central banks, regulators and government agencies having linkage with the broader digital economy. Stakeholder engagement with the private sector financial institutions, FinTech and technology innovators, e-commerce platforms, MSMEs, national and regional business associations and universities will be also undertaken to achieve the intended targets. **Key activities** will focus on: (1) Supporting the development of National E-commerce Strategies in the Pacific Island countries; (2) Supporting the capacity building of policy makers and regulators; and providing technical assistance in review, amendments and implementation of policies and regulations to address emerging issues and trends in the digital economy; (3) Supporting the development of policies/strategies and landscape assessment on inclusive remittances; (4) Review of the Pacific Digital Economy landscape and publication of Digital Economy Report; and (5) Supporting the development of National Financial Inclusion Strategy (NFIS) for Pacific Island Countries. These activities will contribute to strengthening an enabling regulatory environment and digital economy ecosystem for promoting inclusive innovations in the Pacific Island countries.

Output 2.2 – Improved digital ecosystem for inclusive innovation and consumer empowerment.

This output will be achieved through engagement with partner central banks, regulators, concerned government and public service agencies, private sector financial service providers, FinTech and technology innovators, e-commerce platforms, MSMEs, national and regional business associations, agriculture value chain stakeholders, local and regional start-ups, innovation accelerators, business associations, Technical and Vocational Education and Training (TVET) providers, universities and meso-level organizations in the target countries. **Key activities** will include: (1) Piloting and scaling of digitization of public services including payments services (Government to Person payments (G2P) and Person to Government Payments (P2G)), innovative e-government initiatives; (2) Supporting Fintech and payment innovation to promote the digitalisation of merchant payments; (3) Supporting innovation of products and service offerings for seasonal workers to promote inclusive and affordable remittances; (4) Promoting digital financial service innovation for agriculture value chains, Agri-MSMEs and cooperatives; supporting digitization of agriculture value chain payments; (5) Promoting innovation in E-commerce and digital business models supporting inclusion of MSMEs in the digital economy; (6) Regional/ country level capacity building initiatives for local incubators, innovation accelerators, Start-ups and women entrepreneurs in the digital economy; (7) Supporting establishment of Pacific ICT Innovation hub, partnering with university and business associations in the region; (8) Conduct Digital and Financial Literacy Survey in the Pacific to track progress in the region on strengthening financial and digital literacy; (9) Implement targeted financial and digital literacy campaigns/initiatives based on the findings of the Digital and Financial Literacy Survey 2022 for rural communities, women, MSME and seasonal workers; (10) Support tertiary educational institutions (e.g., TVET and universities) to design/ integrate digital and financial literacy related courses and capacity building training courses on emerging digital technologies; and (11) Design/ pilot customer protection initiatives for financial sector customers and e-commerce customers partnering with regulators and service providers in the digital economy. Like the previous one, this output will be achieved through the implementation of the PDEP by UNCDF.

Output 2.3 – Strengthened competitiveness of sustainable agricultural value-chains in the Pacific.

This output will be achieved by targeting SME's, producer clusters and industry facilitators including the providers of market certifications. **Key activities** will involve: (1) upgrading sustainable production, value adding and marketing capacity of selected MSMEs. This action will involve training, technical assistance, support to trade shows and equipment; (2) Strengthen access to market certification (environment, sustainable, organic etc.) to promote environmentally friendly, low-emission production practices in a manner that can be effectively monitored; and (3) Strengthen product value chains through training and mentoring of MSME's and their suppliers to ensure supply volumes are met consistently both in volume and quality with a focus on environmentally sound and sustainable production practices. Practices/Technologies that reduce emissions and disaster planning will be integrated. Alongside all of these activities SPC will work to develop and strengthen policies on the participation of women and youth in small agribusiness; identify opportunities and build

capacities for the participation of women and youth in sustainable agricultural value chains in the North Pacific; and promote and support gender- equitable land use policies to safeguard ecological integrity and provide ecosystem services essential to sustainable agriculture.

The implementation of activities may be subject to guidance provided by the PRISE steering committee (see paragraph 5.7) taking into account specific national needs, with particular attention given to needs relating to EPA implementation. In all cases, activities will be tailored and driven by market requirements in each PACP country.

4.2 Intervention logic

The proposed Action is aligned to the Region's ambitions of implementing the Framework for Pacific Regionalism. It builds on the achievements of past and on-going programmes supporting the regions' integration aspirations; making use of the EU's unique knowledge and experience in meeting the challenges and reaping the benefits of regional economic integration, and providing guidance on implementation, and monitoring and evaluation. Partnering with UNCDF brings a wealth of knowledge and experience of successfully promoting innovative digital services and models, especially in the Pacific region where the challenges of remoteness and territorial dispersion call for innovative digital solutions. PRISE is fully coherent with the EU's Aid for Trade strategy and is aligned with the Pacific's AfT strategy and the Regional Indicative Programme. The PRISE programme is also aligned to many of the regions' policies including those addressing sustainable development, governance and security.

The Action outlines a comprehensive approach that encompasses different layers of support to the trade environment (macro level) and to private sector engagement and development (meso level). The six outputs are highly complementary and aim at developing transparency, predictability and efficiency in the trade environment, while improving private sector competitiveness and strategies for regional and international markets. Specific crosscutting development interventions will look at impacts of trade on workers, including ones in most vulnerable situations, appraise environmental effects of trade, and encourage rural participation, particularly women and youth, in circular regional trade.

The Action will also significantly contribute to strengthening capacities within national institutions and improve good governance practices, as well as foster consultation and coordination mechanisms.

4.3 Mainstreaming

Good governance. The project will promote good governance through, among others: strengthening PACP multi-stakeholders institutions tasked to coordinate implementation of national trade policies; simplifying business regulations and trade facilitation procedures, with expected positive consequences in the fight against corruption; and improving transparency and policy-making through the collection and compilation of reliable regional trade statistics. Stronger customs organisations will minimise security threats, including smuggling of migrants, trafficking in human beings and drug trafficking.

Environment and climate change. The PRISE programme design respects the 'Blue Pacific' concept and the vision of a climate neutral Pacific region as expressed during COP 24 in Katowice. These sentiments are mirrored in the EU's new vision for 'A Clean Planet for All' as outlined in the EU's new 'Strategy for a climate neutral Europe by 2050'. The project is designed to have a positive impact on the environment and climate change through, for example: better protection of the natural environment from imported pests and diseases as well as the establishment and management of pest free areas in the PACPS; improvement of port efficiency, which will reduce ship turnaround time and save energy and reduce emissions; and better understanding of the impact of trade agreements on the

environment and climate change to answer concerns of the civil society, exploit existing opportunities and avoid identified risks. It will also address issues of food security and food safety arising from climate change as well as natural disasters by encouraging greater domestic production of agricultural commodities. By supporting Pacific countries in line with their NDCs and Climate Strategies 2050, climate change mainstreaming will be ensured. Greater circular regional economic development, supported by the programme, will help preserve the natural capital, increase investments in natural resources and mitigate climate change through low-carbon and resource efficient solutions.

Gender. The non-distortive nature of the activities pursued under this project will sharpen PACPS' comparative advantages. Improved digital capability is thus a prerequisite to fully integrate women, youth, MSME and others who are usually left behind in a rapidly evolving digital and knowledge-based economy so that they can be fully empowered and truly improve their well-being. Some project components will consolidate existing partnership with relevant women associations and women entrepreneurs to promote equal opportunities in relevant sectors. Other components, for example trade mainstreaming, will make deliberate efforts to introduce women representations in institutions such as the national trade committees. More generally, training and capacity-building opportunities will be specifically targeted to promote the economic empowerment of women and increase the participation of women in key areas addressed by the project. The activities undertaken by UNCDF will support the rural communities, women, MSME and migrant workers and their families with more tailored information, advice and knowledge to help them navigate digital financial products and services emerging in the Pacific markets. Customer pain points will be identified, key messages for financial education and training will be created, the right digital channels for conveying these messages will be utilized and business models for delivery of skills training via digital tools will be developed and scaled-up.

4.4 Contribution to Sustainable Development Goals (SDGs)

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDGs: (8) 'Promote strong, inclusive and sustainable economic growth and decent work for all', (targets 8.1, 8.2, 8.3, 8.9, 8.10, 8.a, and 8.b), and (12) 'ensuring sustainable consumption and production patterns'.

It also contributes to the following SDGs: (1) End poverty in all its forms everywhere; (5) Achieve gender equality and empower all women and girls; (9) Build resilient infrastructure, promote sustainable industrialisation and foster innovation; (10) Reduce inequality within and among countries; (13) Take urgent action to combat climate change and its impacts; (14) Conserve and sustainably use the oceans, seas and marine resources; and (15) Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the Pacific Islands Forum Secretariat (PIFS).

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is **84 months** from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising

officer by amending this Decision and the relevant contracts and agreements.

5.3 Not applicable

5.4 Implementation Modalities

The European Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁹.

5.4.4 Indirect management with International / Regional Organisations and Member State Organisations

This action may be implemented through **indirect management** with two regional organisations, the Pacific Islands Forum Secretariat (PIFS) and the Pacific Community (SPC), as well as the United Nations Capital Development Fund (UNCDF) and the United Nations Conference on Trade and Development (UNCTAD). Implementation will entail four contribution agreements, one each with the organisations listed above. The four agreements structure is justified based on the scope of the actions, the mandates and technical expertise and the fiduciary concerns of the parties involved.

The **Pacific Islands Forum Secretariat (PIFS)** is the region's premier political and economic policy organisation. Founded in 1971, it comprises 18 members: Australia, Cook Islands, Federated States of Micronesia, Fiji, French Polynesia, Kiribati, Nauru, New Caledonia, New Zealand, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. PIFS has been pillar-assessed (excluding grants) and will implement Output 1.3.

The **Pacific Community (SPC)** is the oldest and biggest regional technical organisation, established in 1947. Its 26 members (22 Pacific Islands Countries and Territories plus Australia, France, New Zealand and the United States of America) approve on a yearly basis its strategic frameworks and work plans including in the areas described in this Action. SPC has been pillar-assessed (including grants) and will implement Output 1.2 and Output 2.3.

The **United Nations Capital Development Fund (UNCDF)** makes public and private finance work for the poor with a strong focus but not exclusively in the world's 46 least developed countries (LDCs). UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through three channels: (1) inclusive digital economies, which connects individuals, households, and small businesses with financial eco-systems that catalyse participation in the local economy, and provide tools to climb out of poverty and manage financial lives; (2) local development finance, which capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and (3) investment finance, which provides catalytic financial structuring, de-risking, and capital deployment to drive SDG impact and domestic resource mobilization. UNCDF has accelerated digital financial inclusion in the Pacific during the last decade through the 'Pacific Financial Inclusion Programme (PFIP)'. Building on this, UNCDF is currently implementing the inception phase of the 'Pacific Digital Economy Programme (PDEP)' with broadened scope of making emerging digital economies inclusive in the region. UNCDF will implement Outputs 2.1 and 2.2. The choice for UNCDF as implementing agency (pillar assessed entity) is justified due to its well established presence

⁹ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

and ongoing support to private sector development with a strong focus on promoting inclusive digital economies in the Pacific region. The already largely identified, formulated and ready to roll programme, will allow rural communities, women and MSMEs, as well as labour mobility workers to enhance market participation, resulting in poverty reduction, improved livelihoods and economic growth.

The **United Nations Conference on Trade and Development (UNCTAD)** is a permanent intergovernmental body established by the United Nations General Assembly in 1964. Their headquarters is located in Geneva, Switzerland, and has offices in New York and Addis Ababa. UNCTAD is part of the UN Secretariat and report to the UN General Assembly and the Economic and Social Council but have their own membership, leadership, and budget. UNCTAD will implement Output 1.1.

The entrusted entities will carry out the following budget-implementation tasks: launching calls for tenders (such as services, studies, trainings, technical expertise, etc.) and for proposals (to be defined at the inception phase); evaluation of tenders and proposals; award of contracts; concluding, monitoring and managing contracts; assessment and acceptance of deliverables; carrying out payments; recovering moneys due; and any other relevant aspects of the project management cycle of the PRISE programme.

The entrusted entities shall apply the positively assessed procurement and grant rules (if applicable) of its own implementing body. These rules will be laid down in the contribution agreement concluded with the regional organisations. In case the outcome of the assessment is negative, the entrusted entities shall apply the Commissions' procurement and grant rules.

In addition, if allowed by the rules of the entrusted entities, they will partner with key **governmental and non-governmental organisations** identified as implementing partners. This may involve contracting with (i) the University of the South Pacific (USP), the main regional capacity-builder established in 1968 and the only Pacific regional university with campuses in 12 PACPs, which will bring a long term and sustainability perspective to capacity building initiatives. (ii) **Oceania Customs Organisation (OCO)** and (iii) **Melanesian Spearhead Group Secretariat**.

PRISE differs from past Pacific RIP interventions in that Pacific Regional Organisations will implement actions alongside development partners. This new approach is expected to result in greater efficiencies and more rigorous approaches leading to improved customs, trade facilitation and standards, with a view to achieving a more transparent, predictable, inclusive and competitive business environment. The involvement of UNCDF recognises the importance of digital technology at the forefront of development efforts to address the impact of the COVID-19, especially in the Pacific region where the challenges of remoteness and territorial dispersion call for innovative digital solutions.

5.4.7 Changes from indirect to direct management mode due to exceptional circumstances

Where the preferred modality cannot be implemented due to circumstances outside of the Commission's control, alternative implementation modalities in direct management (grants and/or procurement) may be used.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

- a) The Commission decides that in addition to natural and legal persons from all ACP-EU countries and territories the following countries having traditional economic, trade or

geographical links with neighbouring partner countries shall be eligible for participating in procurement and grant award procedures: Australia and New Zealand. The supplies originating there shall also be eligible.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

Objectives/Outputs and Funding Modality	EU contribution (EUR)	Indicative third party contribution, (EUR):	Total in EUR
5.4.4 Indirect management with international organisations through contribution agreements with SPC (Outputs 1.2 & 2.3), PIFS (Output 1.3), UNCTAD (Output 1.1) and UNCDF (Outputs 2.1 and 2.2). Objective: <i>contribute to improving the economic and social benefits for PACP states arising from stronger regional economic integration</i>			35 750 000 <i>Indicatively divided as follows:</i> <i>Output 1.1: 10 000 000</i> <i>Output 1.2: 9 000 000</i> <i>Output 1.3: 5 750 000</i> <i>Output 2.1: 1 700 000</i> <i>Output 2.2: 6 300 000</i> <i>Output 2.3: 3 000 000</i>
Audit and Evaluation			600 000
Contingencies			650 000
TOTAL	37 000 000	TBC	37 000 000

5.7 Organisational set-up and responsibilities

The **day-to-day technical and financial management/administration** will be the responsibility of each of the Contribution Agreement holders, i.e. PIFS, SPC, UNCTAD and UNCDF. Each of these entities will be individually responsible and accountable for preparing and implementing their respective work plans and annual budgets, for reporting, acquittal and visibility actions.

A **Programme Steering Committee (PSC)** may be established and meet annually to review progress and provide overall guidance of the programme.

The trade-related components implemented by PIFS, SPC and UNCTAD will interact regularly and will, among them, organise and facilitate face-to-face meetings with representatives of all components (together) at least every three months. This quarterly meeting shall constitute and be known as the **Technical Coordination Group (TCG)**. The function of the TCG will be to provide technical oversight, ensure that planning and implementation of the programme proceeds smoothly and that the work of the different partners is fully coordinated. A standing agenda item for the TCG will be to discuss and deliberate PACP progress toward the implementation of the Pacific EPA and to agree

common strategies for addressing constraints and seizing opportunities. The TCG will draw on the expertise of the communications specialists in each component to ensure that whole-of-project outcomes are well communicated and to ensure that gender and human rights considerations are reflected.

5.8 Performance monitoring and reporting

Day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of each implementing partners' responsibilities. To this aim, each of the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference their respective component logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action's implementation. The final report will provide an overview of the lessons learnt and provide recommendations for follow up activities. These reports will be presented to and discussed by the PSC members and subsequently submitted to the EU delegation for validation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the nature of the action, a mid-term and a final evaluation will be carried out for this action via independent consultants contracted by the Commission. The mid-term evaluation may be carried out following the second year of implementation of the action for problem solving and in order to provide any necessary changes in the programme. A final evaluation will be carried out for accountability and learning purposes within six months of programme closure.

The Commission shall inform the implementing partner at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partners shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the PACP countries and other key stakeholders. The implementing partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the steering committee, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

It is foreseen that the contribution agreements will make provisions for communication and visibility.

6. PRECONDITIONS

N.A.

Appendix 1 – Indicative Logical Framework¹⁰

Appendix 2 - Indicative overview of Activities, Partners and Budget

Appendix 3 – Overview of WTO Trade Facilitation Agreement Notifications

Appendix 4 - Acronymes

¹⁰ The programme logical framework will be supported by a set of interlocking logical frameworks at component level.

APPENDIX 1 - INDICATIVE LOGFRAME MATRIX

Note: Baselines, targets and sources of verification will be further refined and developed within the first six months of project commencement.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of Verification	Assumptions
Overall Objective - impact	To contribute to improving the economic and social benefits for PACP states arising from stronger regional economic integration	(1) Progress towards the attainment of SDG 8 (Decent work and economic growth) in PACP countries	(1) 2000 Regression	(1) 2024 Progress	(1) Asia Pacific SDG Partnership, SDG Progress Assessment / Pacific Sub-region (http://data.unescap.org/sdg/#progress)	
	SO1: Increased intra-regional and international trade	(1.1) Trade in Goods (sum of merchandise exports and imports as % of GDP)	(1.1) 2018 Export as % of GDP - 17% Import as % of GDP- 62% Trade openness index – 78%	(1.1) 2024 Export as% GDP Growth by 5~10% Import as % of GDP- by 5~10% Trade openness index – by 5~10%	(1.1) World Bank national accounts data, and OECD national accounts data files. SPC Prism.	
		(1.2) Average (and individual) 'Trading across Borders' rank for PACP countries	(1.2) 2017/2018 Average – 67	(1.2) 2024 Improvement by 5%	(1.2) World Bank, Annual Doing Business Report http://www.doingbusiness.org/en/data/exploretopics/trading-across-borders	Assumes any global slowdown does not trigger protectionist tendencies slowing momentum of Pacific integration efforts.
		(1.3) Border clearance times (imports & exports in days) of supported PACP countries	(1.3) 2018 Baseline will be established within 6	(1.3) 2024	(1.3) OCO time release studies/WTO	Trade facilitation reforms are sustained beyond the funding window of the project.

			months of project commencement			
Specific Objectives: outcome(s)	SO2: Increased participation of the private sector in economic integration	(2.1) Number of inclusive policies and/or strategies and/or regulations enabling access and usage of digital services supported by the programme	(2.1) 2020 0	(2.1) 2025 5	(2.1) Published and endorsed policies/ strategies	Willingness and commitment of government agencies and regulators to design/ update/ adopt policies/ strategies linked to inclusive digital economy
		(2.2) Number of Inclusive and innovative business models and services tested and deployed at scale in various sectors of the digital economy	(2.2) 2020 0	(2.2) 2025 10	(2.2) Periodic Reports and the Completion Implementation reports	
		(2.3) Number of PACP MSMEs that have gained access to digital financial services/ digital business models and platforms as a result of the innovations and capacity building initiatives	(2.3) 2020 0	(2.3) 2025 100	(2.3) Project records verified through Mid-term and Final reviews	
		(2.4) Number of new customers having adequate access to digital financial services	(2.4) 2020 0	(2.4) 2025 5,000	(2.4) Periodic Programme records and reports	Digital financial service providers have the willingness to promote products/ services targeting the last mile

		(2.5) Number of new models, delivery channels for the provision of digital financial services	(2.5) 2020 0	(2.5) 2025 5	(2.5) Periodic Programme records and reports	
		(2.6) Number of PACP MSMEs that have started exporting as a result of capacity building initiatives by the project	(2.6) 2018 0	(2.6) (2025) 50	(2.6) SAFE Project records verified through Mid-term and Final reviews / MSME reports	Export pathways are not suspended or blocked due to lack of national coordination & COVID-19 situation/ that energy saving solutions are available for the particular value chains Certifying bodies agree to use local auditors
	Output 1.1: Trade facilitation and border / customs procedures are improved	(1.1.1) Number of Category C provisions addressed per PACP WTO member country.	(1.1.1) 2019 0	(1.1.1) 2024 At least 2 per country (PNG, Fiji, Solomon Islands, Vanuatu, Tonga, Samoa)	(1.1.1) Annual Programme Reports	
		(1.1.2) Number of PACP countries supported in establishing a Single Window	(1.1.2) 2019 0	(1.1.2) 2024 At least 4 (Fiji, Samoa, PNG, Solomon Islands, and possibly Timor Leste)	(1.1.2) Annual Programme Reports	

	Output 1.2: SPS services are improved	(1.2.1) Number of PACP countries supported in adopting/ updating biosecurity legislation in conformity with international SPS standards	(1.2.1) 2018 0	(1.2.1) 2024 6	(1.2.1) Annual Programme Reports	Lack of development partner coordination does not lead to replication and duplication and conflicting strategic direction.
	Output 1.3 Capacity for regional aid-for-trade projects is strengthened	(1.3.1) Status of a new Pacific Regional Aid-for-Trade Strategy	(1.3.1) 2019 Under preparation	(1.3.1) 2022 Finalised	(1.3.1) Publication of the New Regional Aid-for-Trade Strategy	A reasonable level of ownership and absorption capacity of the institutions involved is assumed.
	Output 2.1: Measures to strengthen enabling environment for inclusive digital economies in the Pacific	(2.1.1) Number of countries supported with development/ update of strategies/ policies linked to the Digital Economy	(2.1.1) 2020 0	(2.1.1) 2025 At least 3	(2.1.1) Endorsed/ published strategy/ policy documents	Willingness and commitment of government agencies and regulators to design/ update policies/ strategies linked to digital economy
		(2.1.2) Number of policies / strategies / landscape assessments developed on inclusive remittances	(2.1.2) 2020 0	(2.1.2) 2025 5	(2.1.2) Published reports	
		(2.1.3) Number of National Financial Inclusion Strategy (NFIS) supported	(2.1.3) 2020 0	(2.1.3) 2025 2	(2.1.3) Endorsed/ published strategies and project reports	

	Output 2.2: Improved digital ecosystem for inclusive innovation and consumer empowerment	(2.2.1) Number of eGovernment services piloted and/or scaled (Including G2P/P2G)	(2.2.1) 2020 0	(2.2.1) 2025 4	(2.2.1) Periodic Project reports and records	Government agencies and public service providers are willing to digitize delivery and payment processes
		(2.2.2) Number of registered users of eGovernment services supported by the Programme	(2.2.2) 2020 0	(2.2.2) 2025 50,000	(2.2.2) Periodic Project reports and records	
		(2.2.3) Number of services piloted and/or scaled that focus on open banking, shared digital payment networks and/or e commerce platforms	(2.2.3) 2020 0	(2.2.3) 2025 10	(2.2.3) Periodic Project reports and records	
		(2.2.4) Number of registered users for services supported by the Programme that focus on open banking, shared digital payment networks and/or e commerce platforms	(2.2.4) 2020 0	(2.2.4) 2025 50,000	(2.2.4) Project reports and records	
		(2.2.5) Number of partnerships established with co-working spaces, innovation hubs and acceleration programs to promote innovation in the digital economy	(2.2.5) 2020 0	(2.2.5) 2025 3	(2.2.5) Periodic Project reports and records	

		(2.2.6) Number of initiatives piloted and/or scaled to support rural communities, women, MSME and labour mobility workers acquiring the skills and knowledge to access and use digital and financial services	(2.2.6) 2020 0	(2.2.6) 2025 5	(2.2.6) Periodic Project reports and records	
	Output 2.3: Strengthened competitiveness of sustainable value chains in the Pacific (goods)	(2.3.1) Number of MSME's supported in enhancing their sustainable production capacity.	(2.3.1) 2019 0	(2.3.1) 2024 20	(2.3.1) Annual Project Reports	Global demand for sustainably harvested/organic products remains constant or increases. Export pathways are not suspended or blocked due to lack of national coordination
		(2.3.2) Number of MSMEs assisted in obtaining internationally recognised quality/sustainability certifications.	(2.3.2) 2019 0	(2.3.2) 2024 20	(2.3.2) Annual Project Reports	
		(2.3.3) Number of entrepreneurs (women/men) trained in climate-smart agriculture value chain development and marketing	(2.3.3) 2019 0 women 0 men	(2.3.3) 100 women 100 men	(2.3.3) Annual Project Reports	

APPENDIX 2 - INDICATIVE OVERVIEW OF ACTIVITIES, PARTNERS AND BUDGET
(to be tailored during Contribution Agreement negotiations and further at the end of the inception phase)

Output 1.1 Trade facilitation and border/customs procedures are improved				
Output 1.1 will be led by UNCTAD with trade experience in partnership with the Oceania Customs Organisation (OCO) and the Melanesian Spearhead Group Secretariat				
Activities	Implementing Partners	Indicative budget¹¹ (EUR)	Indicative geographical (region/country) coverage	Impact on national climate change strategies
1.1.1 Gap Analysis on the Customs related WTO Trade Facilitation Agreement measures. This activity will establish an inventory of measures that will allow PACP countries align to the Revised Kyoto Convention (RKC) and the WTO TFA. The assessments will build on and update previous assessments, including the 2014 WTO TFA needs assessments conducted by IFC.	PAE/OCO	400 000	All PACP	Trade openness can help efforts to mitigate and adapt to climate change by promoting an efficient allocation of the resources (including natural resources), raising standards of living (and hence the demand for better environmental quality) and improving access to environmental goods and services. Compliance with WTO is relevant because national measures to mitigate and adapt to climate change may have an impact on international trade (as they may modify conditions of competition) and may be subject to WTO rules. The WTO ‘tool box’ of rules can be relevant, therefore, to the examination of climate change measures. Moreover, WTO rules, as a whole, offer a framework for ensuring predictability, transparency
1.1.2 Legal revision to align with RKC General Annex and WTO TF Priority Measures (Category C notifications). ¹² The proposed legislative amendments to comply with the General Annex of RKC extended to cover the customs-related WTO TFA measures. This activity is important to ensure that customs legislation complies with customs-related WTO TFA measures and the RKC based on the Gap Analysis under Activity 1.1.1	PAE/OCO	500 000		
1.1.3 Implement WTO Trade Facilitation Priority Measures, specifically on: a) Advance Rulings b) Risk Management c) Post Clearance Audit d) Authorised Economic Operators e) Expedited Shipment f) Time Release Study g) Single Window This activity is important to ensure that the Trade Facilitation Measures identified in Category C commitments are implemented	PAE/OCO	500 000		
1.1.4 Develop and implement ASYCUDA World (AW) in up to nine PACP Customs Administrations. This activity involves the installation of ASYCUDA World software and source code and to configure systems to suit national requirements. The automation this brings is important for simplifying the processing of import and export entries by customs agencies that will significantly improve clearance times. The system will also result in more accurate and timely production of statistical reports.	PAE/OCO UNCTAD	2 000 000	Cook Islands; FSM; Kiribati; Nauru; Niue; RMI; Tonga; Tuvalu and possibly Palau	

¹¹ Amounts are indicative and will be further tailored during Contribution Agreement negotiations.

¹² See Appendix 3

1.1.5 Implementation of national Single Window system (5 PACPS - current AW users): This activity will establish a national Single Window system for current ASYCUDA World users. This activity is important to ensure that the region is ready for single window roll out. Note: The single window system for Vanuatu is funded by EIF and DFAT (Australia).	PAE/OCO	2 000 000	Fiji; Samoa; PNG; Solomon Islands; Tonga [and possibly Timor Leste]	and the fair implementation of such measures. WTO members are working to eliminate trade barriers in the goods and services that can benefit the environment. Facilitating access to products and services in this area can help improve energy efficiency, reduce greenhouse gas emissions and have a positive impact on air quality, water, soil and natural resources conservation. A number of WTO rules may be relevant to measures aimed at mitigating climate change. These include: - disciplines on tariffs (border measures), essentially prohibiting members from collecting tariffs at levels greater than that provided for in their WTO scheduled consolidation -a general prohibition against border quotas -a general <u>non-discrimination principle</u> , consisting of the most-favoured-nation and national treatment principles. - rules on <u>subsidies</u> - rules on <u>technical regulations and standards</u> , which may not be more restrictive than necessary to fulfil a legitimate objective. - Technical regulations and standards must also respect the
1.1.6 Targeted institutional capacity development. This activity is required to strengthen OCO and national customs department competency in technical matters and to strengthen leadership competencies so that necessary customs reforms are implemented.	PAE/OCO	1 100 000	All PACP	
1.1.7 Actions to support the implementation of the Melanesian Free Trade Agreement to achieve the goal of economic integration of MSG countries. These actions may include sub-regional workshops on MFTA, customs, trade statistics, develop and implement a MSG travel card system, SPS interface with Component 1.2 (SPC)	PAE/MSG	1 000 000	All MSG countries	
1.1.8 Institutional capacity development. This activity aims to strengthen and support the MSG Secretariat’s capacity to implement the MSG Private Sector Strategy and to enhance development and awareness among MSG exporters. It will also strengthen core trade-related capacities within MSG.	PAE/MSG	1 000 000	All MSG countries	
1.1.9 EPA Implementation Support (TBT focus) Standards (TBT): Business upgrading and quality infrastructure compliance. Regulatory compliance (packaging, labelling, bar coding, testing, certification), marketing, etc. for targeted local products with clear export potentials) (<u>in conjunction with outputs 1.2 and 2.3</u>)	PAE	1 500 000	PNG, Fiji, Samoa, Solomon Islands, Tonga,	
Total Cost of Output 1.1		10 000 000		
Output 1.2 Sanitary and Phytosanitary (SPS) services are improved				
Output 1.2 will be led by the Pacific Community (SPC)				
1.2.1 Update, strengthen and operationalise Biosecurity legislation and Standard Operation Procedures (SOP) for all PACP countries and align such to international SPS standards (IPPC, OIE & Codex Alimentarius). This will ensure that that relevant stakeholders work within the perimeters of Biosecurity laws and refrain from importing illegal materials that pose threats to a countries unique biodiversity, flora, fauna and human life. Strengthened SOPs will guide biosecurity	SPC	400 000	ALL PACP	

officers, enabling them to better carry out their tasks at border and post-border, at the same time provide a greater level of assurance to importing countries of inspection techniques, treatments and certification on produce exported under SPS. By 2020 full alignment is expected for Fiji and the Cook Islands and by 2022 nine other countries are expected to adopt the Biosecurity harmonised model law and to use it effectively in daily operations. Actions will include procuring legal advice and training.				principle of non-discrimination and be based on international standards, where they exist. -There are also specific rules for <u>sanitary and phytosanitary measures</u> which are relevant for agricultural products.
1.2.2 Improve SPS human capacity. Strengthen the capacity of Biosecurity officers responsible for cross border inspection and clearance, sampling and treatments with the aim of a harmonised regional Single Window system between Biosecurity and Customs at the border to flag import biosecurity related items and carry out necessary inspections thus reducing port processing times for imports. Training will be provided in clearance and document checking; supervising biosecurity treatments; random sampling of imported cargo and clearance of foreign vessels; the proper disposal of foreign waste, and; Import Risk Assessments (IRA's). For exports, a BQA systems approach will be adopted for export inspections, treatments and certifications. Capacity building will be provided on E-Phyto and Customs ASYCUDA single window clearance system (aligned with activity 1.1.5). Local exporters will be supported to comply with SPS requirements.	SPC	1 000 000	ALL PACP	- disciplines relevant to <u>trade in services</u> , imposing general obligations such as most-favoured-nation treatment, as well as further obligations in sectors where individual members have undertaken specific commitments. - rules on <u>trade-related intellectual property rights</u> .
1.2.3 Strengthen the information and capacity building of PACPs to use the regional Biosecurity Information Facility (BIF) as it replaces the traditional paper systems of import permit issuance and certificates for foreign vessels and aircraft clearance. Additionally, this will strengthen safe trade of both incoming and outgoing consignments as officers are empowered to track, inspect and certify release of consignments in accordance with international and national trade requirements, the continuous updating of the existing Pest & Disease information management system that will be used to assist PACPs biosecurity officers in making more informed decisions on procedures and conditions required for market access requests. Countries are more aware of existing pest and diseases present in their countries and those in anticipated trading countries. This Pest & Disease information management system helps biosecurity officers identify pest threats/risks when carrying out Import Risk Analysis (IRAs) for imports and Pest Risk Assessment (PRAs) for market access requests and the various systems, inspections, treatments and certifications that are needed to be done to eliminate these threats from the export pathways. Particular emphasis will be on WTO TFA Category C notifications.	SPC	300 000	ALL PACP	These rules are relevant for the development and transfer of climate-friendly technologies and know-how. Improvements in Biosecurity systems are directly relevant to strengthening food security through control of invasive species
1.2.4 Establish a Pacific Regional Pesticide Registration Scheme (PRPRS) to the PACPs, ensuring that member countries are aware of the human carcinogenic effects of obsolete and dangerous synthetic chemicals and don't import these into the countries. Also strengthen capacity of PACPs in carrying out technical research on pesticide resistance, Integrated Pest Management (IPM), pesticide with-holding	SPC	500 000	ALL PACP	Integrated Pest Management and Good Agricultural Practises are directly linked to Climate Change Adaptation; consistent with country's

periods and Good Agricultural Practices (GAP) that will complement safe exports of perishable fresh agricultural produce.				strategies to combat the detrimental impacts of Climate Change
1.2.5 Strengthen and Capacity building of Biosecurity Officers in the PACPs to implement early warning systems (EWS) at strategic areas within the countries and continuous monitoring & surveillance and servicing of these EWS and addressing threats accordingly; strengthen and undertake field simulation trials of the Animal & Plant Health Emergency Preparedness and Response Plans (ERP) to mitigate both exotic animal diseases and plant diseases and pest threats – associated training for Paravets and others will accompany this activity, and establish an ISO-standard accreditation scheme for veterinary and plant diagnostic laboratories;	SPC	1 000 000	ALL PACP	Relevant to Climate Change and climate finance and NDC conditional targets subject to private sector investment and external donor support.
1.2.6 Engage the private sector and relevant National Biosecurity focal points in the value adding activities to overcome barriers in the export pathways and implement and strengthen systems approaches in the four selected commodities (kava, coffee, coconuts and tbc).	SPC	800 000	Selected PACP depending on crop	
1.2.7 Animal health emergency preparedness and response plans developed and operationalised. Early warning surveillance systems in the member countries are inadequate to capture exotic animal diseases, thus the need to install. To be effective, emergency response and management systems require the involvement of all stakeholders including non-agricultural sectors. The EWS and response plans must be tested and officially formalised and regulated to ensure resource capacity is guaranteed at all levels.	SPC	600 000	ALL PACP	EWS is important for Climate Change Adaptation – being able to quickly identify and address cross-border disease strengthens resilience
1.2.8 ISO-accredited veterinary and plant diagnostic labs. Coupled with Early Warning Systems (EWS) there needs to be accredited labs where member countries through SPC Biosecurity can access to send animal field samples as well as plant pathogens and insects for testing, identification, verification and authentication. This will involve working with experienced Animal Health field staff and biosecurity and research staff on the collection, storage and transportation of field sample materials. Personnel involved have to be well versed with Biosecurity SOP's/ protocols and also well trained in IATA (International Air Transport Association) protocols on the collection, storage and transportation of plant pests and diseases and infected animal field samples for testing in ISO-accredited veterinary and plant diagnostic labs. This is necessary because lab diagnostic results must come from recognised accredited facilities to be credible to support field investigations and to justify preventive and response management programmes. Currently accreditation schemes are in place in Fiji, PNG and New Caledonia.	SPC	1 500 000	ALL PACP	
1.2.9 Import Risk analysis (IRA) capacity established. Currently import permits are not aligned to SPS standards and are out-dated. This activity will build capacities within the Biosecurity/ Quarantine sector to carry out IRA's. Looking at the potential animal exotic risks, the various pathways of it entering a country and how to mitigate. These IRA's will involve pre-border assessments, border activities and post-border	SPC	700 000	ALL PACP	More disciplined risk assessment and biosecurity control is necessary to combat higher levels of pestilence

measures. It is necessary to identify priority diseases for regulatory control in individual countries and to develop sound import and export biosecurity risk mitigation control measures to ensure countries meet their requirement for Accepted Level of Protection (ALOP). IRA is an important tool for market access request. All PACPs to be covered by 2022.				expected as a result of climate change
1.2.10 Freedom from OIE listed diseases declared. This will involve establishing an OIE-recognised surveillance and reporting system so that countries are able to officially declare freedom from OIE Listed diseases. Freedom from diseases status for countries is an important prerequisite for market access request and trade, contributing to SPS capacity.	SPC	400 000	ALL PACP	
1.2.11 OIE PVS Evaluation (a global programme for the sustainable improvement of a country's Veterinary services) compliance with OIE standards. This is necessary to improve the delivery of veterinary services and in developing staff competencies in animal health. It will involve restructuring and improving operation management systems.	SPC	300 000	ALL PACP	
1.2.12 EPA Implementation Support (SPS focus) Support EPA members comply with SPS requirements contained in the EPA and thereby opening up new export pathways. Familiarise PACP countries with EU tools, including the Rapid Alert System for Food and Feed (RASFF), which is a tool to ensure the flow of information, thereby enabling swift reaction when risks to public health are detected in the food chain as well as the Trade Control and Expert System (TRACES), which is an online management tool for all sanitary requirements on intra-EU trade and for the importation of animals, semen and embryo, food, feed and plants.	PAE/SPC	1 500 000	PNG, Fiji, Samoa, Solomon Islands, Tonga,	
Component Total Cost		9 000 000		
Output 1.3 Capacity for regional AfT is strengthened				
Output 1.3 will be led by the Pacific Islands Forum Secretariat (PIFS)				
1.3.1 Through TA placed in three sub-regional hubs PIFS will provide technical advice and capacity building with respect to trade policy formulation and implementation (excluding issues covered under outputs 1.1 and 1.2). Policy formulation will be evident-based. Advice will also cover the trade-related aspects of policy goals related to health, climate change and the environment. Areas of work will include trade and investment law and regulations and policies, implementation and compliance. A significant focus on mainstreaming gender, poverty and social equality	PIFS	2 000 000	ALL PACP via three sub-regional hubs	Relevance to SDGs, particularly in terms of reducing poverty

will be integrated into trade related activities. Actions will indirectly help countries realise their national climate change strategies and goals. It is envisaged to facilitate annual sector policy dialogues in the areas of regional economic integration, trade and private sector development, promoting the transition to blue, green, circular and carbon-neutral and sustainable development in the Pacific region				
<p>1.3.2 Activities to help countries seize EPA-related trading opportunities and implement EPA-related obligations. Support will also be provided to countries wishing to accede to the EPA.</p> <p>Areas of assistance may include:</p> <p><u>Category 1 countries : EPA implementation (Fiji, PNG, Samoa)</u></p> <ol style="list-style-type: none"> 1. Communication: Dissemination and outreach (enabling potential users to seize trade and investment opportunities, sharing of best practices) 2. Institutional capacity: Compliance capacity (tariff schedules, streamline customs regulations, legislation and procedures, modernise business laws, taxes and data collection). Management capacity (establish national coordination structure involving the relevant Ministries, private support organisations, civil society, support effective participation in EPA institutions, monitoring and evaluation). <p><u>Category 2 countries: EPA accession (Solomon Islands, Tonga, any additional accession candidates)</u></p> <ol style="list-style-type: none"> 3. Support the authorities prepare for a successful accession: Build capacity of trade and customs officials on the key elements of the EPA and the accession process. Develop national coordination structure and framework (and a work plan for its operationalisation). Support trade officials to participate effectively in the EPA coordination meetings (establish preparatory, monitoring and reporting mechanisms). Assess fiscal and other implications and propose measures to address the revenue and other economic implications. 4. Support the authorities and the private sector to prepare for effective implementation: Prepare and approve of the national EPA implementation plan. Conduct legislative review(s) and propose a framework for adaptation of domestic legislation to the EPA. Prepare a process framework (signature, ratification, etc.). Prepare the officials for compliance with legal and institutional requirements. Identify trade and investment policy opportunities, develop modalities and prepare the business community (including Women and youth entrepreneurs) to exploit them. Select 2-3 economic operators with high export potential and inform them of the EPA 	PIFS	2 000 000	ALL PACP (demand driven)	Relevance to SDGs, particularly in terms of reducing poverty

opportunities. Train state and non-state actors (private sector, civil society) on the EPA benefits. 5. Areas 1 to 2 above (based on progress)				
1.3.3 Update the Pacific's Aid-for-Trade strategy and facilitate member country implementation including the establishment of intra-PACP peer-learning attachments. Actions to help PACP countries formulate, design, identify and secure resources for relevant aid-for-trade projects will also be provided.	PIFS	1 250 000	ALL PACP	Relevance to SDGs, particularly in terms of reducing poverty
1.3.4 Development and integration of a statistical monitoring framework that contributes to monitoring the process and results of regional integration. Data will be obtained from a variety of sources including from SPC/PRISM/SPTO, the private sector and from the new and improved automated customs systems introduced under Activity 1.1.2	PIFS	500 000	ALL PACP	
Component Total Cost		5 750 000		
Output 2.1 Measures to strengthen enabling environment for inclusive digital economies in the Pacific				
Output 2.1 will be led by the United Nations Capital Development Fund (UNCDF)				
<ul style="list-style-type: none"> 2.1.1 Support development and implementation of National E-commerce Strategies in Pacific Island countries <p>UNCDF will support development and implementation of National E-commerce strategies in target Pacific Island countries</p>	UNCDF	250,000	2 PACP (TBD based on country priorities)	
<ul style="list-style-type: none"> 2.1.2 Support capacity building of policy makers and regulators; and provide technical assistance in design, review, amendments and implementation of policies and regulations to address emerging trends in the Digital Economy <p>UNCDF will support capacity building of regulators and policy makers on digital trade and e-commerce, emerging trends and technologies linked to digital financial services and broader ecosystem issues linked to the digital economy. Capacity building initiatives will be tailor-made based on country and regional needs, guided by the regulators and policy makers.</p> <p>UNCDF will provide technical assistance in design/ review/ update and implementation of policies/ regulations/ strategies to the PACP governments/ regulators based on country and regional priorities and needs.</p>	UNCDF	600,000	Support 10 PACP based on emerging country needs (Fiji, PNG, Samoa, Vanuatu, Tonga, Timor-Leste, Solomon Islands, Kiribati, Federated States of Micronesia and Marshall Islands)	

<ul style="list-style-type: none"> 2.1.3 Support development of policies/ strategies and landscape assessment on inclusive remittances <p>UNCDF will undertake country policy diagnostic assessments on remittances and support central banks/ regulators to devise policies/ strategies to promote inclusive remittances in the Pacific</p>	UNCDF	350,000	5 PACP (Fiji, Samoa, Vanuatu, Tonga, Solomon Islands)	
2.1.4 Review of the Pacific Digital Economy landscape and publication of biannual Digital Economy Report <p>Review of the Pacific digital economy landscape and publication of the biannual Pacific Digital Economy Report highlighting key trends of the digital economy in the region</p>	UNCDF	250,000	10 PACP (Fiji, PNG, Samoa, Vanuatu, Tonga, Timor-Leste, Solomon Islands, Kiribati, Federated States of Micronesia and Marshall Islands)	
2.1.5 Support development and implementation of National Financial Inclusion Strategy (NFIS) for Pacific Island Countries <p>Supporting the national governments, central banks and relevant regulators to design and implement National Financial Inclusion Strategy (NFIS) in target countries to accelerate financial inclusion</p>	UNCDF	250,000	3 PACP (FSM, RMI, Tonga)	
Component Total Cost		1 700 000		
Output 2.2 Improved digital ecosystem for inclusive innovation and consumer empowerment				
Output 2.2 will be led by the United Nations Capital Development Fund				
2.2.1 Piloting and scaling digitization of public services including payments services (Government to Person payments (G2P) and Person to Government Payments (P2G)), innovative e-government initiatives <p>UNCDF will support Pacific governments and regulators to design new eGovernment initiatives as well as support them in scaling existing eGovernment initiatives to make them efficient and inclusive.</p> <p>UNCDF will support relevant public sector agencies, state owned enterprises, utility service providers and other relevant organizations to digitize service delivery and payments processes to make them cost-effective, transparent and efficient.</p>	UNCDF	850,000	Minimum 5 PACP based on country needs and priorities	

<p>2.2.2 Support Fintech and payment innovation to promote digitization of merchant payments and inclusive remittances</p> <p>Initiatives will support innovative solutions/ business models to promote adoption of digital platforms, technologies and payments by retail micro-merchants/ Fast moving consumer goods (FMCG) supply chains stakeholders and MSMEs.</p> <p>This component will also support innovative solutions/ business models enabling cost reduction in remittances for migrant workers/ seasonal workers and their families.</p>	UNCDF	1,000,000	10 PACP based on demand (Fiji, PNG, Samoa, Vanuatu, Tonga, Timor-Leste, Solomon Islands, Kiribati, Federated States of Micronesia and Marshall Islands)	
<p>2.2.3 Support innovative solutions and business models targeting the Agri-MSMEs to promote digitization of agriculture value chain payments, and innovative digital finance products (credits, insurances etc.) for farmers, agri-MSMEs, cooperatives</p> <p>Private sector led innovative digital business models/ solutions will be piloted / scaled to promote digitization of agriculture value chain payments, and offer affordable digital finance products (credits, insurances etc.) for farmers, agri-MSMEs and cooperatives in the Pacific region</p>	UNCDF	1,000,000	10 PACP (Fiji, PNG, Samoa, Vanuatu, Tonga, Timor-Leste, Solomon Islands, Kiribati, Federated States of Micronesia and Marshall Islands)	
<p>2.2.4 Support innovation in e-commerce and digital business models focused on inclusion of MSMEs and women entrepreneurs</p> <p>Pilot/ scale innovative e-commerce initiatives/ business models to promote inclusion of Pacific MSMEs and women entrepreneurs in digital marketplaces</p>	UNCDF	650,000	10 PACP based on country needs and priorities (Fiji, PNG, Samoa, Vanuatu, Tonga, Timor-Leste, Solomon Islands, Kiribati, Federated States of Micronesia and Marshall Islands)	
<p>2.2.5 Regional/ country level capacity building initiatives for local incubators, innovation accelerators, Start-ups and women entrepreneurs in the digital economy</p> <p>Support incubators and innovation accelerators to facilitate capacity building and match making initiatives with global investors targeting Pacific ICT and FinTech start-ups, with focus on inclusion of women entrepreneurs and MSMEs in the global and regional digital marketplaces/ platforms</p>	UNCDF	300,000	10 PACP based on demand (Fiji, PNG, Samoa, Vanuatu, Tonga, Timor-Leste, Solomon Islands, Kiribati, Federated States of Micronesia and Marshall Islands)	
<p>2.2.6 Support establishment of Pacific ICT Innovation hub, partnering with university and business associations</p>	UNCDF	300,000	10 PACP based on demand (Fiji, PNG, Samoa, Vanuatu, Tonga, Timor-Leste,	

Establishment of ICT innovation hub at the regional level, partnering with universities, ICT industry associations and sector stakeholders to promote capacity building, skills enhancement and innovation acceleration support for Pacific innovators and start-ups in the ICT and FinTech domain			Solomon Islands, Kiribati, Federated States of Micronesia and Marshall Islands)	
2.2.7 Digital and Financial Literacy Survey in the Pacific Conduct the Digital and Financial Literacy Baseline Survey in FSM and RMI in 2023 (PDEP has already launched Digital and Financial Literacy Baseline Survey in Fiji, PNG, Samoa, Vanuatu, Solomon Islands, Tonga, Timor-Leste and Kiribati in 2022) to generate data and insights on the existing status of digital and financial literacy in the target countries. The initiative will conduct Digital and Financial Literacy Survey in 2025 in all 10 target countries to track progress on digital and financial literacy. Support for further academic/ policy research with Digital Financial Literacy survey data to design targeted initiatives for women, MSMEs, youth, farmers, migrant workers will be provided to universities, research and policy think tanks	UNCDF	600,000	10 PACP (Fiji, PNG, Samoa, Vanuatu, Tonga, Timor-Leste, Solomon Islands, Kiribati, Federated States of Micronesia and Marshall Islands)	
2.2.8 Implement targeted financial and digital literacy campaigns/initiatives based on the findings of the Digital and Financial Literacy Survey for rural communities, women, MSMEs, farmers and seasonal workers Targeted financial and digital literacy campaigns/initiatives based on the findings of the Digital and Financial Literacy Survey 2022-23 for rural communities, women, farmers, MSMEs and seasonal workers	UNCDF	700,000	From 10 PACP based on demand (Fiji, PNG, Samoa, Vanuatu, Tonga, Timor-Leste, Solomon Islands, Kiribati, Federated States of Micronesia and Marshall Islands)	
2.2.9 Support Ministry of Education to develop and integrate ICT education and financial literacy skills into national curricula, and tertiary educational institutions (e.g., TVET and university) to design/ integrate courses for skills enhancement on emerging ICT issues Technical support to Ministry of Education enabling integration/ development of digital and financial literacy modules into national curricula Support TVET institutions and universities to design / integrate courses for skills enhancement on emerging ICT issues targeting youth and students	UNCDF	300,000	From 10 PACP based on demand (Fiji, PNG, Samoa, Vanuatu, Tonga, Timor-Leste, Solomon Islands, Kiribati, Federated States of Micronesia and Marshall Islands)	

2.2.10 Design/ pilot customer protection initiatives for financial sector customers and e-commerce customers partnering with regulators and service providers in the digital economy Technical assistance and grants to design/ pilot customer protection initiatives focused on financial sector customers and e-commerce customers, partnering with regulators and service providers	UNCDF	600,000	From 10 PACP based on demand (Fiji, PNG, Samoa, Vanuatu, Tonga, Timor-Leste, Solomon Islands, Kiribati, Federated States of Micronesia and Marshall Islands)	
Component Total Cost		6 300 000		
Output 2.3 Strengthened competitiveness of sustainable agricultural value-chains in the Pacific				
Output 2.3 will be led by the Pacific Community (SPC)				
2.3.1 Upgrade Sustainable production, value adding and marketing capacity of selected MSMEs. Development of selected high-value products (Kava, coconut, coffee, one to be determined). This is necessary because low production/supply is a major issue slowing market development and unsustainable practices are a risk to both environment and longer-term business growth. The Pacific cannot compete on the international commodity markets and therefore needs to improve, diversify and expand value-adding to reach higher value markets. International competitiveness will also depend on the ability to improve delivery to market – packaging, promotion etc. This output will involve training, technical assistance, support for participating in trade shows as well as the provision of equipment.	SPC	1 000 000	Selected PACP according to product.	Significant relevance to SDGs
2.3.2 Strengthen access to market certification (environmental, sustainable, organic etc). This is necessary because market certification is needed to access high value niche markets. It also promotes environmentally friendly production practices in a manner that can be effectively monitored. This will develop and sustain a network of locally based advisors and auditors for food safety and marketing certifications and assist businesses meet requirements for certifications. The action will involve training and TA.	SPC	800 000	Selected PACP based on demand	Significant relevance to SDGs
2.3.3 Strengthen sustainable product value chains. This is necessary because MSME's in the Pacific lack understanding of the value chain and disaster risk planning, which results in slow development and high risk of business failure. Activities will involve training and mentoring of MSME's and their suppliers to ensure supply volumes are met consistently both in volume and quality with a focus on environmentally sound and sustainable production practices. Practices/technologies that reduce emissions and disaster planning will be integrated.	SPC	800 000	Selected PACP based on demand	Significant relevance to SDGs

The action will involve training and capacity building at each step along the value chain.				
2.3.4 EPA Implementation Support (enterprise focus) Competitiveness interventions: EU-Pacific States B2B, industry-learning visits, participation at trade shows, etc. Value chains capacity building (training in good practice in production and distribution chains, quality compliance, etc.) (in conjunction with outputs 1.1 and 1.2)	SPC	400 000		
Component Total Cost		3 000 000		
<u>Indicative Total Cost of Activities (Summary)</u> Output 1.1 10 000 000 UNCTAD Output 1.2 9 000 000 SPC Output 1.3 5 750 000 PIFS Output 2.1 1 700 000 UNCDF Output 2.2 6 300 000 UNCDF Output 2.3 3 000 000 SPC TOTAL 35 750 000				

APPENDIX 3 – OVERVIEW WTO TRADE FACILITATION AGREEMENT - NOTIFICATIONS

	WTO TFA Provisions	PNG	Fiji	SI	Vanuatu	Tonga	Samoa
<i>Ratification date:</i>		<i>07/03/2018</i>	<i>01/05/2017</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>21/04/2016</i>
Article 1.1	Publication		C	B	C	B	B
Article 1.2	Information Available through Internet		C	B	C	C	C
Article 1.3	Enquiry points		B	A	C	B	B
Article 1.4	Notification		B	A	C	B	B
Article 2.1	Opportunity to Comment and Information Before Entry into Force		B	B	A	C	A
Article 2.2	Consultations		B	B	B	B	B
Article 3	Advance Rulings	A	C	C	B	C	A
Article 4	Procedures for Appeal or Review		C	C	A	B	C
Article 5.1	Notification for Enhanced Controls or Inspections		B	C	B	B	B
Article 5.2	Detention		A	C	C	B	B
Article 5.3	Test Procedures	A	C	B	C	C	A
Article 6.1	General Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation		B	B	B	B	A
Article 6.2	Specific Disciplines on Fees and Charges for Customs Processing Imposed on or in Connection with Importation and Exportation	A	A	B	A	A	A
Article 6.3	Penalty Disciplines	A	A	B	A	A	C
Article 7.1	Pre-arrival Processing		A	B	B	B	C
Article 7.2	Electronic Payment		B	C	B	A	C
Article 7.3	Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges	A	A	B	A	A	B
Article 7.4	Risk Management		C	C	C	C	C
Article 7.5	Post-Clearance Audit		A	A	C	C	C
Article 7.6	Establishment and Publication of Average Release Times		C	C	C	C	B
Article 7.7	Trade Facilitation Measures for Authorised Operators		C	C	C	C	C
Article 7.8	Expedited Shipments	A	A	A	B	B	C
Article 7.9	Perishable Goods		A	A	A	B	B
Article 8	Border Agency Cooperation		B	B	B	C	B
Article 9	Movement of Goods Intended for import under Customs Control		A	A	B	B	B
Article 10.1	Formalities and Documentation Requirements		C	B	B	C	C

Article 10.2	Acceptance of Copies		A	A	B	C	B
Article 10.3	Use of International Standards		B	C	C	C	A
Article 10.4	Single Window		C	C	C	C	C
Article 10.5	Pre-shipment Inspection	A	A	A	A	A	A
Article 10.6	Use of Customs Brokers	A	B	A	A	A	A
Article 10.7	Common Border Procedures and Uniform Documentation Requirements	A	A	A	A	A	A
Article 10.8	Rejected Goods	A	A	A	A	B	A
Article 10.9	Temporary Admission of Goods and Inward and Outward Processing	A	A	A	A	B	B
Art. 11.1-11.17	Freedom of Transit		B	C	B	B	B
Article 12	Customs cooperation		B	B	A	B	A

APPENDIX 4 – ACRONYMS

ACP	African, Caribbean, and Pacific Group of States
ADB	Asian Development Bank
AFT	Aid-for-Trade
ALOP	Accepted Level of Protection
ASYCUDA	Automated System for Customs Data
AUD	Australian Dollars
AUS	Australia
B2B	Business-to-Business
BIF	Biosecurity Information Facility
BQA	Bilateral Quarantine Arrangement
COP	Conference of the parties
DF4Res	Digital Finance for resilience in African, Caribbean and Pacific countries'
DFAT	Department of Foreign Affairs And Trade
DMC	Developing Member Country (ADB)
EDF	European Development Fund
EDI	Electronic Data Interchange
EEOW	Economic Empowerment of Women
EEZ	Exclusive Economic Zone
EIF	Enhanced Integrated Framework
EPA	Economic Partnership Agreement
EU	European Union
EUR	Euro
EWS	Early Warning System
FDI	Foreign Direct Investment
FPR	Framework for Pacific Regionalism
GAP	Good Agricultural Practices
GDP	Gross Domestic Product
GI	Geographic Indications
IACT	Increasing Agricultural Commodities Trade Project
IATA	International Air Transport Association
ICT	Information and Communication technology
IFC	International Finance Corporation
IFP	Investment Facility for the Pacific
IMF	International Monetary Fund
IPM	Integrated Pest Management
IPPC	International Plant Protection Convention
IRA	Import Risk Analysis
ISO	International Organization for Standardization
JICA	Japan International Cooperation Agency
LDC	Least Developed Country
MSG	Melanesian Spearhead Group
MSME	Micro, Small and Medium-sized Enterprise
N/A	Not applicable
NDC	Nationally Determined Contribution
NPSO	National Private Sector Organisations
NSA	Non-State Actors
NSO	National Standards Organisation
NTO	National Tourism Organisation
NZ	New Zealand
NZD	New Zealand Dollars
OCO	Oceania Customs Organisation

ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OIE	World Organisation for Animal Health
PACER	Pacific Agreement on Closer Economic Relations
PacLII	Pacific Islands Legal Information Institute
PACP	Pacific country of the African, Caribbean, Pacific Group of States
PACREIP	Pacific Regional Economic Integration Programme
PacWaste Plus	Pacific-EU Waste Management Programme
PDEP	Pacific Digital Economy Programme
PEUMP	Pacific-EU Marine Partnership Programme
PFIP	Pacific Financial Inclusion Programme
PFTAC	Pacific Financial Technical Assistance Centre
PHAMA	Pacific Horticultural and Agricultural Market Access Program
PICTA	Pacific Islands Countries Trade Agreement
PIFS	Pacific Islands Forum Secretariat
PITAP	Pacific Integration Technical Assistance Project
PNG	Papua New Guinea
PPP	Public Private Partnership
PRA	Pest Risk Assessment
PRIF	Pacific Regional Infrastructure Facility
PRISE	Pacific Regional Integration Support Programme
PRISM	Pacific Regional Information System
PRPRS	Pacific Regional Pesticide Registration Scheme
PRTCBP	Pacific Regional Tourism Capacity Building Project
PSC	Programme Steering Committee
PSDI	Pacific Private Sector Development Initiative
RAO	Regional Authorising Officer
RASFF	Rapid Alert System for Food and Feed
RIP	Regional Indicative Programme
RKC	Revised Kyoto Convention
RSCP	Regional Steering Committee for the Pacific
SDG	Sustainable Development Goal
SME	Small and Medium-sized Enterprises
SO	Specific Objective
SOE	State-Owned Enterprise
SOP	Standard Operating Procedures
SPC	Pacific Community
SPEITT	Strengthening Pacific Economic Integration Through Trade Programme
SPS	Sanitary & Phytosanitary
SPTO	South Pacific Tourism Organisation
TA	Technical Assistance
TBD	To be determined
TBT	Technical Barriers to Trade
TCG	Technical Coordination Group
TFA	Trade Facilitation Agreement
TFCC	Trade Facilitation in Customs Cooperation Project
TRACES	Trade Control and Expert System
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference for Trade and Development
UNFCCC	United Nations Framework Convention for Climate Change
USD	United States Dollars
USP	University of the South Pacific
WTO	World Trade Organisation