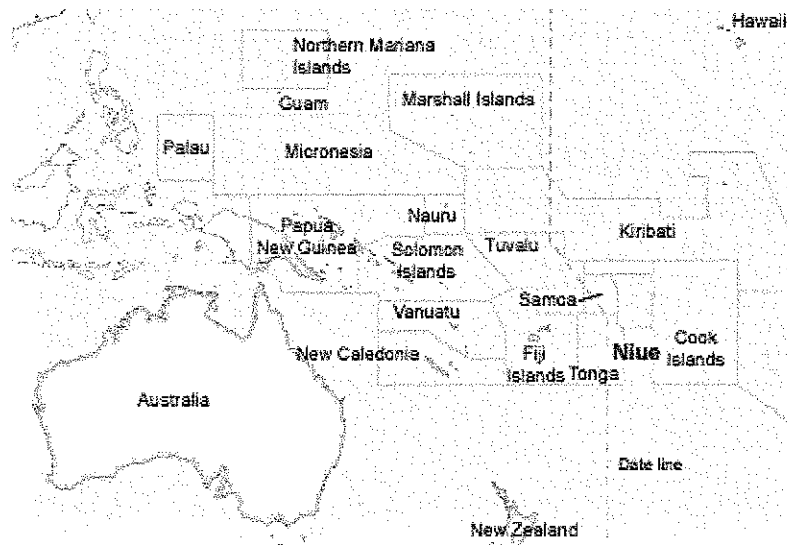


**NIUE**  
**EUROPEAN COMMISSION**  
**JOINT ANNUAL REPORT**  
**2005**



## **1. Executive Summary**

Niue is an isolated single coral atoll with steep limestone cliffs to the sea and a central greenland plateau. It is located in the South Pacific, at 2,400 kilometres northeast of New Zealand, on the eastern side of the International Date Line. It has a land area of 259 km<sup>2</sup> and an exclusive economic zone, which extends to 390,000 km<sup>2</sup> of ocean. Approximately 19 percent of the land is arable, 4 percent has been given over to permanent pastures, while the remainder is made up of forest and woodlands. The GDP per capita in 2003 was € 5,650. Niue is a self-governing country “in free association” with New Zealand, and Niueans are New Zealand citizens.

Niue became one of the six new “Pacific ACP countries” by signing the Cotonou Agreement in 2000. With a population of roughly 1900 (official figure) it is the least populated ACP country. Its 9<sup>th</sup> EDF NIP of € 2 million (A-envelope) will be used for the participation of a five-country-encompassing renewable energy programme, for which a Financing Agreement was signed in 2005, and implementation will start in January 2006. 15% of the A-envelope will be used to finance a project benefiting non-state actors (NSAs). In early 2004 Niue was hit by tropical Cyclone Heta, which led to widespread destruction and the subsequent decision to allocate the entire B-envelope (€ 580,000) to assist the reconstruction of the hospital with the procurement of equipment (in cooperation with WHO).

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

### **2.1 Political Situation**

In 1974 Niue became a self-governing state “in free association” with New Zealand and the smallest self-governing country in the world. Under the Niue Constitution the government has full responsibility for conducting internal affairs, while New Zealand retains responsibility for defence and external affairs. The Head of State is Queen Elizabeth II, represented by the Governor-General of New Zealand.

The government has full executive and legislative powers. The executive functions of government are carried out by the Cabinet consisting of the Premier, elected by the Assembly, and three Ministers appointed by the Premier from the Assembly. Legislation is enacted by the unicameral Assembly, which consists of twenty members and a speaker. General elections are held every three years. Following the elections in April 2005, Mr. Young Vivian (70) was confirmed as Premier of Niue. The next elections are scheduled for April 2008.

There are 14 villages on the island, each of which has its own village council with elected constituents. The government has devolved much of its community responsibilities to these village councils, which provide a strong support system within their individual communities. Village life remains the focus for political and cultural organisation.

Niue is member of the Secretariat of all the CROP (Council of the Regional Organisations of the Pacific) organisations.

### **2.2 Economic Situation**

Niue faces considerable development constraints. These include isolation, limited natural resources, poor communications, an unpredictable climate (including drought and occasional hurricanes) and, most significantly, a shortage of skilled labour and outward migration, principally

to New Zealand. The decrease in public sector employment opportunities has resulted in an exodus of migrants to New Zealand.

#### Economic data for 2000 to 2004

	2000	2001	2002	2003	*2004	2005
GDP per capita (USD)	5,118	5,215	5,448	5,823		
GDP in PPP	N/A	N/A	N/A	N/A		
GDP growth rate	1.8%	1.9%	4.5%	6.9%		
Inflation rate	3.5%	6.8%	2.7%	2.7%	***3.8 %	
Current expenditure (NZD)	19.8M	20.4M	20.7M	18.3M	21.6M	
Current expenditure as % of GDP						
Fishing access revenue (NZD)	333,600	300,000	240,100	227,400		
Total exports to the EU in '000 EUR	0	0	0	243	340 ??	***340
Total imports from the EU in '000 EUR	19,500	0	0	1,498	1498 ??	***2978
Unemployment	N/A	1.74%	N/A	N/A		
External Debt (% of GDP)	0	0	0	0	0	

Source: Niue Government and Comext (\*\*\*)

\* 2004 some data are not yet available

\*\* Taken from data of the Australian Department of Foreign Affairs and Trade ([www.dfat.gov.au/geo/fs/niue.pdf](http://www.dfat.gov.au/geo/fs/niue.pdf))

Substantial aid from New Zealand has historically supported a large public sector providing incomes and jobs for the people of Niue, while outward migration of large parts of the population has ensured a steady flow of remittance income into the country. However, remittance income has fallen and the level of aid provided by New Zealand has declined significantly over the past decade resulting in a considerable “downsizing” of the public sector. Although the number of public servants was reduced in the early 1990s, the Government remains the major employer and public service jobs are an important means of retaining the population from migration. While the economy remains dependent on substantial amounts of NZAID funding, the Government is committed to increasing the country’s economic self-reliance.

The economy is dominated by services, including public services. In 2000, the government sector (public service and government trading enterprises) accounted for almost half of total GDP. Agricultural output (including fishing and forestry) made up approximately 35 percent of GDP, of which 97% was household subsistence production.

Agriculture is largely subsistence based, but its development is hindered by limited fertile land, lack of surface water and occasional drought and cyclones. Rainwater and groundwater are the only sources of water. There is no surface water except a freshwater lens in the centre of the island. The principal crops are coconuts, taro, yams and cassava. Taro is the most important export crop, but exports are constrained by inadequate harbour facilities. Subsistence farming and fishing forms an important contribution to household income for many families. There has been a tendency towards a boom and bust cycle in agricultural production. The once buoyant coconut cream industry is gone and exports of other agricultural and manufactured products have also dropped markedly. Vanilla and nonu are now being grown commercially, and a fish processing plant and noni processing plant has been built, with significant investment from the New Zealand ‘Reef Shipping’ Group. These sectors have provided great potential for employment and exports generation earnings. Both crops are now operational and exporting since January 2005. Honey is also showing great potential and has been exporting small quantity since 2003. Together with vanilla and noni production, the Honey industry is going through international organic certification

process. All three industries production and cultivation methods are based on internationally accepted organic methods.

Tourism offers one of the best prospects for long-term economic development, particularly eco-tourism, but is dependent on improved air services. Niue's pristine environment and excellent diving opportunities have some potential to attract tourists but are once again dependent on airline services. At present, the country is served by only one airline (Air New Zealand) that provides only one scheduled flights per week to Auckland.

The estimated value of the fisheries production (115 tons/year) is about NZ\$1.1 million or 7 percent of GDP. 80 Percent of this comes from subsistence fishing that is domestically consumed and does not enter the cash economy. The value of the commercial fisheries production (10-14 tons/year) is NZ\$104,000 or less than one percent of GDP. Fishing license fees amount to approximately NZ\$0.3 million per year. The development of domestic fisheries is once again constrained by the lack of adequate harbour facilities. The current focus of the Fisheries Department is to safeguard the inshore resources from over-exploitation. Offshore fisheries have some potential and there is local interest in developing tuna fisheries for export markets. The commissioning of the fish factory in 2004 has opened up commercial fishing. At present 10 fishing licenses, predominantly New Zealand and Samoa registered have been issued to foreign boats fishing outside the inshore fishery protected 12 nautical mile zone. Annual targets have been set at 3,500-4,000t/year. An airline known as Reef Air was also recently established to transport high value fresh fish to Fiji for trans-shipment to Asia and USA. The airline is also seeking license to carry passengers and trade freight between the two countries. Both governments are currently into final negotiations. The airline also provided services between Niue and Tonga.

In 2002, the Government of Niue committed to implementing the OECD standards of transparency and effective exchange of information for tax purposes. As a consequence, it was removed from the list of uncooperative tax havens and has been able to take part in the work of the OECD Global Forum on taxation. The EC has indicated its willingness to support efforts undertaken in this respect on several occasions in 2005.

## **TRADE/EPAs**

All Pacific ACP states, including Niue, continued their participation throughout 2005 in the EPA regional negotiation process through the established negotiating machinery. Progress in the Pacific negotiations was, however, slower than might have been hoped for, a reflection both of the very limited capacity of certain PACP states and of the varying levels of interest on the part of the states in an EPA (only a small number of smaller PACP perceive an interest in an agreement on goods). Discussions focussed on the architecture of the Agreement, as well as on investment promotion and protection and on certain sectors of importance to most PACP – including some of the smaller countries – such as fisheries, tourism and services in general. There was little in the way of discussions on goods in 2005. Such discussions have been back-loaded for fear of triggering free trade discussions with Australia and New Zealand under PACER.

Support to EPA preparation efforts, including in-country stakeholder meetings and participation in EPA-related meetings at all levels, was provided for Niue through PACREIP, the € 9.2million 9th EDF regional programme.

## 2.3 Social situation

### POPULATION AND SOCIAL INDICATORS 2004

POPULATION INDICATORS	2004	2005
Total population	1,800	1,730
Annual population growth rate (% change)	-12.7	-4.04%
Migration rate/1000 population	79/1000	31/1000
<b>SOCIAL INDICATORS</b>		
Proportion of the population below 1 USD per day	0%	0%
Total fertility rate (births per woman)	N/A	N/A
Maternal mortality rate (per 100,000 live births)	N/A	N/A
Infant mortality rate (below 1 year, per '000 live births)	N/A	N/A
Proportion of births attended by skilled health personnel	100%	100%
Prevalence of child malnutrition (under fives) in %	0%	0%
Life expectancy at birth (years)	N/A	N/A
Female 71.2		
Male 68.8		
Adult literacy (%)	100%	100%
Men 100%		
Women 100%		
Primary school enrolment (% of school age)	100%	100%
Secondary school enrolment (% of school age)	100%	100%
Child malnutrition (% age under 5 years)	0%	0%
Population with access to safe water (%)	100%	100%
Population with access to sanitation (%)	100%	100%
TB prevalence rate (per 100,000 people)	0%	0%
Gini coefficient	N/A	N/A
Human Poverty Index	N/A	N/A

Expenditure on education (2005)	6.88 % of total recurrent expenditure, source: CSP
Expenditure on health (2005)	6.14% of total recurrent expenditure, source: CSP

Source: Niue Government

Niue has an estimated population of 1,730 people of whom 14 percent are of non-Niuean ethnicity. Over the past decade the population has declined by approximately 25 percent reflecting a large outflow of people. More than 20,000 Niueans live overseas, mainly in New Zealand. The people of Niue are New Zealand citizens and have free access to New Zealand.

Niue's Human Development Index of 0.87 ranks it third in the Pacific region, behind Palau and the Cook Islands. The high HDI reflects Niueans' high life expectancy of approximately 67 years, low infant mortality rate and universal rates of adult literacy. There are no obvious signs of poverty. Average household size (at 3.4 members per household) is low by Pacific standards, and most houses have access to running water and electricity. All people have universal access to free education and health provision. Widespread unemployment is averted by emigration to New Zealand. The New Zealand social welfare system provides a safety net for Niueans, although the Niue Government also provides child benefit allowances and old-age pensions.

Women enjoy a high social status and play an important part in the economy. They have guaranteed access to a full range of health services, are afforded equal opportunities in education. Their participation in the workforce has increased over the years. Women figure prominently in private businesses and informal trade.

Niue has a relatively high level of education services. Education is free with universal access for all children. The education system is based on the New Zealand Education Curriculum Standards and the Qualification Authority. Schools are reasonably well maintained, although there is a recognized lack of resource materials.

The estimated education budget for 2005/2006 is NZ\$1,486,286, which is about 6.88 % of total recurrent expenditure. NZAID provides approximately NZ\$460,000 for study awards (scholarships) to enable Niue residents to undertake secondary and tertiary courses in New Zealand and the Pacific region. A fund of NZ\$50,000 is available for vocational and short-term training. Australia also offers scholarships.

Niue has relatively high levels of sanitation and public health services. These have been instrumental in controlling the level of communicable diseases in the country. However, with changing lifestyles and dietary patterns, the epidemiological picture is now dominated by non-communicable diseases (cardiovascular diseases, diabetes, obesity, cancer) that are creating new challenges for both public health and curative services. Medical care is free for all Niuean residents. During the fiscal year 2005/2006, 6.14 % of government's recurrent budget expenditure was allocated to health.

## 2.4 Environment

### **Common issues in the Pacific**

Isolation. Though communications have been improved, the geographic position of the Pacific Island Countries continues to present a fundamental challenge to development, and it has also contributed to the specialised ecosystems, species endemism, and vulnerability to invasive species that occur in the region.

Fragile Island Environments. Island environments have the highest rates of species extinction globally, and recent evidence of the negative impact of ocean temperature rise on the health of coral reef (through the "bleaching" effect) is indicative of the relative fragility of the island ecosystems.

Limited Land Resources . Fragility of ecosystems is often compounded by their small size. Limited land resources make many terrestrial and near shore resources, including freshwater , vulnerable to over exploitation and pollution from poorly planned waste disposal. Limited land resources have become especially troubling for low lying atolls, in view of the projected rates of sea level rise over the next 50-100 years.

Dependence on Marine Resources. With the exception of some higher islands ,there remains a strong dependence on marine resources to meet daily needs of many Pacific families – providing foods , tool , transport , and waste disposal. This may be slowly weakening in certain areas with the increase in international trade , but it remains a fundamental characteristics of the smaller atoll-dominated Pacific Island countries such as Kiribati, Marshall Islands and Tuvalu.

Vulnerability. This trait of the Pacific islands countries has received increasing attention over the last decade. Exposure to natural disasters and to external global perturbations (for instance in climate change, trade, and capital markets) and a heavy reliance on a limited range of economic sectors, creates a high degree of vulnerability. Moreover, the factors contributing to islands vulnerability appears to have increased in recent years. The baseline of assets and live at risks is also increasing as population and infrastructure located in coastal areas expand and Pacific island economies open to global economy.

Three major resource areas have been identified as having potential for sustainable economic development : tourism, marine resources and agriculture/forestry. If Niue's economic future is to depend on these, it must introduce adequate environmental protection legislation and monitoring, and proper conservation measures. With proper forethought and planning, Niue can develop a tourist industry which is dependent on, but which also works to sustain, the beauty of Niue's natural environment, and on which its population is dependent.

### **3. Development Agenda of the partner country**

Niue's development strategy is set out in the Niue Integrated Strategic Plan (2003-2008) "*Niue Ke Monuina – A Prosperous Niue*", and is based on following strategic objectives:

- Financial Stability – Ensure there are sufficient financial resources to manage and develop the country in a responsible and sustainable manner (NISP 2003-2008)
- Governance – Provide governance that is stable, transparent and accountable (NISP 2003-2008)
- Economic Development – Maximise benefits from Niue's resources in a sustainable manner (NISP 2003-2008)
- Social – Enjoy a lifestyle of a thriving, educated and healthy community that has access to a wide range of quality social infrastructure, services and development opportunities (NISP 2003-2008)
- Environment – Sustainable management of Niue's natural resources for future generations (NISP 2003-2008)

Annual Budget Policy Statements translate the core objectives of the Strategic Plan into project-based priorities for the following financial year. The present level of NZAID funding has urged the government to try to achieve a greater degree of economic self-sufficiency, through the promotion and development of private enterprise activities, an improved investment climate to attract foreign investors, and via the proposed divestment of publicly owned companies.

The government has set itself three interrelated objectives for the future prosperity of the country:

- 1) to increase the country's financial self-reliance via a reduction in government expenditure and/or an increase in government revenue;
- 2) to increase economic self-reliance via a programme aimed at stimulating private (including foreign) enterprise development;
- 3) to stem the flow of migrants, to "repopulate" the country by encouraging migrated Niueans to return home and to create employment and business opportunities.

Monetary policy has a limited role in the economy of Niue due to the use of the New Zealand dollar as currency. The burden of adjustment to changes in the revenue position of the government is thereby falling on fiscal policy. With the current level of NZAID funding, the government is committed to reducing expenditure, increasing local revenue and achieving a greater level of financial self-sufficiency. A priority of macro-economic policy and a paramount objective of the Niue Integrated Strategic Plan (NISP) is the promotion of responsible fiscal management. The government has committed itself to improving public service efficiency through the identification of priority objectives and public service reform, estimates of priority expenditure for the implementation of these objectives and the setting of financial baselines across all government

departments and corporations. The ultimate objective as set out in the NISP is to achieve balanced budgets and reduce the reliance on external funding.

Following Cyclone Heta, which devastated Niue in January 2004, NZAID has provided NZ\$ 8.25M to fund a Cyclone Heta rehabilitation programme, and an additional NZ\$20.0M in the new Memorandum of Arrangement (Halavaka ke Monuina) over five years to further consolidate the post-Heta programme and enhance economic activities.

#### **4. Overview of on-going cooperation**

##### **4.1 NIP Focal Sector**

Niue is a new ACP Member State in the Pacific and has no record of previous co-operation with the European Union. The Country Strategy Paper for the 9<sup>th</sup> EDF was signed on 17 August 2003.

The CSP foresees an allocation of € 2 million under the A-envelope and € 0.6 million under the B-envelope. Of the A-envelope allocation €1.8 million are foreseen for a renewable energy/energy efficiency programme that will comprise also four other new Pacific ACP countries. The remaining amount under the A-envelope will be used to support NSA, for which a Financing Agreement was signed in September 2004.

The Financing Agreement for the renewable energy programme was signed in 2005, and the service contract for the Programme Management Unit was awarded. Implementation will start in January 2006.

Following Cyclone Heta, which led to the total destruction of the hospital, it was agreed to allocate the entire available amount under the B-envelope (€ 0.6 million) to the procurement of equipment for the NZ-funded new hospital. A Financing Agreement for this purpose was signed between the EC and the Government of Niue in 2005. Project implementation was carried out by WHO, with whom a co-financing contribution agreement was signed in 2005. The hospital is expected to officially open in April 2006.

##### **4.2 Utilisation of resources for NSAs**

Despite the signature of the financing agreement for the Niue Village Economy Development (NVED) Programme in September 2004 implementation can only commence with the submission of the first Programme Estimate, which has taken place in January 2006. Implementation is expected to start in 2006.

##### **4.3 Utilisation of the B-envelope**

The entire B-envelope has already been made available to help rehabilitation efforts following Cyclone Heta. €0.6 million has been used to re-equip the hospital, which was financed and constructed by New Zealand. Niue is currently investigating the probability of replenishing the B-envelope for financial security in case of another natural disaster striking Niue during the balance of EDF 9<sup>th</sup> period.



## **4.4 Other instruments**

### **4.4.1 Regional co-operation**

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

For a complete overview regarding the cooperation under the regional indicative programme please refer to Annex.

### **4.4.2 EIB**

The EIB appraised in 2005 a global loan of up to € 1m to the Niue Development Bank. This contribution, scheduled to be approved in mid-2006 under the Pacific Islands Finance Facility, will expectedly assist the development bank in providing support to private sector companies which have suffered from the hurricane that devastated the island two years ago

## **5. Programming perspectives for the years 2006-2007**

### **5.1 Pipeline and absorption capacity**

Niue, as a new ACP state, has no RAC or RAL under previous EDFs.

Programming of the 9<sup>th</sup> EDF has experienced some delays, given the fact that this is a new and inexperienced ACP state, and lack of staff in the Delegation. The greatest challenges seem now to have been addressed, and a Financing Agreement for one programme in the focal sector for 85% of the A envelope was signed in July 2005. Implementation of this began in January 2006. As regards the 15% of the A envelope destined for NSA activities, a Financing Agreement for the Niue Village Economy Development (NVED) Programme was signed in September 2004. Submission of the first Programme Estimate was held up, but has now been received, and implementation is expected to start in 2006. No further delays in programming under the 9<sup>th</sup> EDF are expected.

### **5.2 Proposal for revision of strategy**

There are no proposals to revise the country strategy.

### **5.3 Preparation for the next programming exercise 2008-2013**

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

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

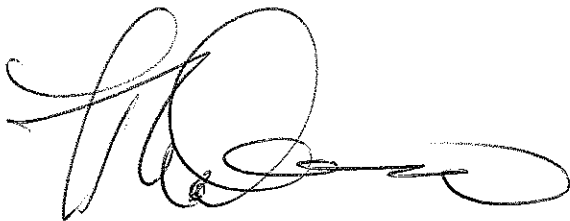
The incentive tranche could possibly be linked to performance in the offshore banking sector, eg Niue's compliance with OECD standards of good governance in the tax area.

## 6. Conclusions

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

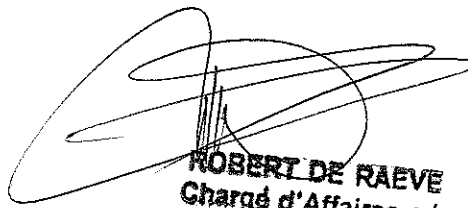
- Maintain the country strategy for Niue, as contained in the CSP and NIP.
  - Maintain the funds available under the envelope A for the focal sector.
- 

Signed by:



*for* National Authorizing Officer  
Young Vivian

Date: 16/11/07



**ROBERT DE RAEVE**  
**Chargé d'Affaires a.i.**

Head of Delegation  
Roberto Ridolfi

Date: 05.12.07

COUNTRY DONOR MATRIX

AID DONOR MATRIX

NIUE NATIONAL DEVELOPMENT STRATEGY OR CDF/PRSP (pre-HETA)

Country Matrix	Economic Development	Social Development	Productivity Sector	Thematic/crosscutting Issues Treaties and Agreements.
Government of Niue (2001/2) (Source of Funds – Telecom Cash Capital Reserve) and Niue Power Corporation (Cash Reserve)	Road Sealing – Liku – Lakepa NZ\$95,000. Capital Proposals NZ\$11,000.	Fire Rescue Vehicle NZ\$7,000. Building renovation, HRD NZ\$10,000. Bushroads NZ\$10,000 Hospital Furniture, NZ\$10,525. Fire Extinguishers, NZ\$5,000	Quarry – outright purchase, NZ\$17,600. Motor Vehicle – Heavy Plant, NZ\$20,000. Motor Vehicle Building Division NZ\$10,000. Depot Tank Clearing and Thickness Test, NZ\$35,000	Secretariat of the Pacific Community (SPC). Forum Secretariat. South Pacific Regional Environment Programme (SPREP). University of the South Pacific (USP). Tourism Council of the South Pacific (TCSP). United Nations Education, Scientific and Cultural Organisation (UNESCO). World Health Organisation (WHO). Biodiversity Convention. World Meteorological Organ- isation (WMO). Commonwealth Parliamen- tary Association (CPA). Forum Fisheries (FFA). Asia Caribbean Pacific State Member to the European Union (ACP-EU). United Nations Framework Convention on Climate Chan- ge (UNFCCC). United Nations Convention to

					Combat Desertification, (UNCCD), United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA), United Nations International Children's Fund (UNICEF), South Pacific Applied Geoscience Comm. (SOPAC), Pacific Island Development Fund (PIPD), Commonwealth Fund for Technical Cooperation, Signatories to PICTA and PACER, (2001).
Private Sector Non-State Actors					
Donor Activity New Zealand: Aid Programme 2001/2002	Good Governance - Economic Planner. NZ\$ 100,000.	Vocational Training NZ\$20,000. Chamber of Commerce, NZ\$5,000. Private Sector Training, NZ\$15,000. Ntue Development Bank, NZ\$50,000. Study Awards, NZ\$460,000. Study Awards Review, NZ\$30,000. In-country Training, NZ\$30,000. Education Development, NZ\$250,000. Education Mid-Term	Tourism Promotion NZ\$250,000 (suspended), Tourism Framework NZ\$15,000), Business Advisory Service NZ\$50,000. Small Projects Fund, NZ\$ 35,000. Forestry, NZ\$180,000. Land Tilling Management, NZ\$60,000 Agriculture, NZ\$25,000. Fisheries, NZ\$15,000. Organic Farming, NZ\$15,000.		

		<p>Review, NZ\$30,000.  HRD Review and Planning, NZ\$35,000  Health Development, NZ\$300,000.  Gender and Development, NZ\$25,000.</p>		
Australia		<p>A\$0.875 millions of support to Niue each year. This support is provided mainly in the form of scholarships and technical assistance.</p>		

## **Annex 2 – Cooperation under the Regional Indicative Programme**

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

Implementing Agency:	SOPAC
Budget:	€ 7 million
Financing Agreement Signed:	March 2002
Duration:	4.5 years
Project Closure:	March 2006

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

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

- That this EDF8 Project be granted a time extension in to 31st December 2007 to coincide with the contract completion date of the EDF 9 Project.
- That progress on both the EDF 8 and EDF 9 Projects be reviewed together early in 2007 to ensure outputs in accordance with the Logframe can be achieved.
- That the Work Plan be urgently revised with a budgeted and programmed activity plan to be developed in association with stakeholders for the balance of the Project
- That the SOPAC Directorate, together with the Member Country Representatives, provide the necessary leadership in the promotion of the original Project purpose, by ensuring better coherence of the Project outputs and associated integration of the Project into respective Government plans
- That consideration be given to the definition and introduction of 3 roles into the project, namely a Peer Reviewer, Technical Editor, and Map Server Product Developer to process the backlog of Project reports and format outputs to be posted with the respective Country Data Resource Centres
- That the multi-Stakeholder Steering Committees be urgently convened to review progress to date against the Logframe and participate in the preparation of the revised Work Plan
- That SOPAC develop a transparent policy on selection criteria for Project fellowships
- That Data Resource Centres be redesigned to ensure SOPAC strengthen the Capacity Building programme with a focus on sustainability of the Project
- That SOPAC Directorate strengthen their capacity to self monitor against EU/FORSEC performance measures
- That the SWATH mapping programme be revised and the budget be reallocated to consolidate outputs from activities to date

- That project communication between SOPAC and the Stakeholders be improved in line with verifiable indicators in the Project Logframe as follows:
  - Five information brochures published per year
  - Regular (monthly/bi-monthly) press releases written
  - Email news released fortnightly
  - National workshops/training convened with at least 20 participants per country per year
  - Two National stakeholder meetings convened per year
  
- Mechanisms need to be urgently put in place by the SOPAC Directorate to ensure project communications between SOPAC and the Stakeholders are improved in line with the verifiable indicators in the Project Logframe.

## 2. Plant Protection in the Pacific (PPP) – 8.ACP.RPA.08

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

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

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

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

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



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

### **3. Development of Sustainable Agriculture in the Pacific – 8.ACP.RPA.10**

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

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

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

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

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

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

Implementing Agency:	USP
Budget:	€ 5 million
Financing Agreement Signed:	March 2002
Duration:	5 years
Project Closure:	May 2007

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

**Tourism sector** - An important constraint on tourism development relates to the lack of an adequately educated workforce in the public and private sectors, especially at middle and upper management levels. In particular, there is an acute shortage of professional tourism planners in the region. This component of the project will deliver hospitality and tourism management at the degree and postgraduate level including the establishment of a tourism center of excellence. **Management and Development - Training** will focus on the broad themes of good governance and corporate governance. This component will focus on topics ranging from public sector reform, private sector development, accountability and transparency. The target group will be ministers, politicians and senior civil servants.

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

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

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

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

Implementing Agency: NAO, Government of Fiji  
Budget: € 7.5 million  
Financing Agreement Signed: March 2002  
Duration: 3 years

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

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

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

## 6. Pacific Regional Oceanic and Coastal Fisheries Programme – 8.ACP.RPA.04

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

Tuna stocks are the most important renewable natural resource for Pacific Island countries (PICs) with annual catches estimated at around 1.4 million tonnes, with a landed value of around €1.5 billion. The long-term sustainable management of the region's key renewable natural resource is thus of vital importance. Of equal importance are domestic reef resources, which underpin current livelihoods and continued food security for the vast majority of Pacific Islanders. This programme aims to address the information gaps in both areas and, in so doing, will specifically strengthen the long-term sustainable management of the fisheries resources of the Western and Central Pacific Ocean (WCPO).

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

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

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

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

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

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

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

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

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

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

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

Implementing Agency:	Pacific Islands Forum Secretariat, SPTO, SPC
Budget:	€ 9.2 million
Financing Agreement Signed:	February 2004
Duration:	5 years
Project Closure:	June 2009

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

This programme will support regional economic integration of the Pacific ACP countries in two important ways. First, consolidation of the Pacific ACP countries as an integrated regional unit through the support to the establishment of a free trade area covering the Pacific ACP countries. And second, the assistance in the engagement of the Pacific ACP countries as a regional unit in the wider regional and global processes, including the negotiation and subsequent operation of trade with developed country partners such as the European Union, and also in multilateral negotiations at the WTO.

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

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

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

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

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

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



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

Implementing Agency:	SPC
Budget:	€ 1,999,800
Financing Agreement Signed:	February 2004
Duration:	4 years
Project Closure:	December 2008

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

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

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

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

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

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

Implementing Agency: SPC  
Budget: € 2,212,231  
Financing Agreement Signed: February 2004  
Duration: 4 years  
Project Closure: December 2007

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

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

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

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

Implementing Agency:	SOPAC
Budget:	€ 2,549,600
Financing Agreement Signed:	December 2003
Duration:	2 years
Project Closure:	June 2007

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

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

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

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

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

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

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

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

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

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

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

A mid-term review of PRIDE is scheduled in Q1 2006.

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

Implementing Agency:	FFA & SPC
Budget:	3 Million Euro
Financing Agreement Signed:	December 2004
Duration:	4 years
Project Closure:	December 2008

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

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

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

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

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

Implementing Agency:	South Pacific Regional Environment Programme
Budget:	€ 560,000
Financing Agreement Signed:	December 2004
Duration:	3 years
Project Closure:	December 2007

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

In this way the PEIN II project will provide assistance to all 14 Pacific ACP countries and improve the national capacity for environmental management and sustainable development of the Pacific Island countries. The project will produce a significant improvement in access to environmental information within member countries, by strengthening the capacity of national environment agencies to identify, collect, organise and disseminate environmental information. The PEIN II will service and link National Environment Libraries (NEL) who in turn will have established National Environmental Networks (NEN).

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

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

Implementing Agency:	IT Power
Budget:	€ 11.4 million
Financing Agreement Signed:	July 2005
Duration:	4 years
Project Closure:	December 2009

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

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

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