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1. EXECUTIVE SUMMARY

This Joint Annual Report for 2005 fulfils operational review requirements stipulated under Article 5, Annex IV of the Cotonou Agreement.

Samoa is a small open economy, which is dependent on a narrow resource base. Economic activity is largely dependent on limited sectors including agriculture, tourism, small-scale manufacturing and fisheries. As such, its economic performance is impacted heavily by external factors in the form of commodity export prices, remittances, tourism, and external aid resources.

Samoa is still listed as one of the world's 49 least developed countries (LDC), but this status is currently under review. It has a population of 178,000 (Population census, 2001). Samoa has a per capita income of US\$2281 in 2004 and growing at the rate of 3.4% per annum during 1998-2004. In terms of the Human Development Index (HDI), Samoa is ranked 74th out of the 177 countries listed with an HDI of 0.776, lying almost mid-way between Tonga at 54th and Fiji at 92nd.

General elections have been called for 31 March 2006 with three new parties contesting the ruling Human Rights Protection Party who have been in power for over 22 years.

In the early 90s, Samoa's economy was adversely affected by devastating cyclones and other external factors. In response to these shocks, the government in 1994, introduced and implemented a program of economic and financial reforms aimed at improving public sector efficiency, and opening up the economy to create an enabling environment in support of private sector development. Despite the government's continued commitment to sound macroeconomic and reform policies, overall macroeconomic performance has been uneven in recent years, the export base remains narrow and the economy remains vulnerable to economic shocks. Preserving a sound macroeconomic framework will be critical to reducing Samoa's vulnerabilities to shocks. Going forward, there is a need to tackle additional reforms to consolidate the gains made over the last decade and boost long-term growth prospects.

Samoa's WTO accession negotiations progressed steadily in 2005. They would like to maximise the opportunities brought about by globalisation and to ensure that its businesses are able to compete globally. Samoa wholly supports the EPA negotiations being conducted at the regional level.

Under the 9th EDF, the indicative financial allocations set out in the CSP for Samoa are €20.0 million for the "A" Envelope and €7.1 million for the "B" envelope. The focal sector is public health enhancement through water supply and sanitation projects, which is largely a continuation of previous involvement in the water-sector. A non-focal sector has been identified as micro-project type approach to support the village economy.

The Mid-Term Review (MTR) confirmed no change of strategy or focal sector was required but refined the financial allocations. In light of the country's good policy performance and additional focal sector needs, it was recommended that funds available for commitment from the A envelope for the focal sector be supplemented

with a transfer of €5.0 million from the B envelope. Subsequently, €0.94 million of Samoa's FLEX entitlements were programmed for the water sector programme and €1.16 million to complement the current micro-projects intervention. A 100% NIP commitment is expected in 2006 following the anticipated approval of an extension phase of the Micro-projects programme.

By prioritising investment in water under the 9th EDF, the Government is building on past investments and seeking to progress not only improvements in public health but across its entire development agenda. During 2005, the foundations were laid for a change in the "business as usual approach" and this led to the development of a new sector-wide approach. Tangible results at a sector-level include the formalisation of high-level Water Sector Steering Committee (WSSC), a focal point for coordination of sector implementation within the Ministry of Finance, and the development of a Water Sector Plan and Framework for Action.

The Rural Water Supply Consolidation Project (RWS-CP) increased access to safe potable drinking water by 6%, with national figures rising from 41% to 47% of the population. Planned works in 2006 under the RWS-CP will see this increase a further 8% and it is the Government intention that interventions under the new Water Sector Support Programme (WaSSP) will enable over 85% of the population to have access to safe potable drinking water by 2010. Support under the WaSSP programme will also contribute to improvements in effective water governance, sustainable water resource management, and the integration of wastewater and sanitation measures with water supply improvements.

2. UPDATE ON POLITICAL, ECONOMIC AND SOCIAL SITUATION

2.1 Update on the political situation

In anticipation of the March 31st 2006 general elections three new parties were launched in the latter quarter of 2005 and election candidates announced. These include the Samoa Party, the Christian Party and Samoa Progressive party. This followed similar announcements by the two major parties, the Samoa Democratic United Party and the ruling Human Rights Protection Party of their electoral candidates. 2005 is an unprecedented year with regards to publicity on the upcoming elections. The only daily newspaper as well as a private radio station began conducting public opinion polls on the preferred ruling party; a non government organisation Inailau a Tamaitai organised training workshops for women on electoral rights and the television media has telecasted party advertisements. The Christian Party was formed, currently with only women membership, but is not exclusively a female party. The increase in the number of female candidates running is a welcomed change. The low representation of women in parliament was one of the less progressive areas portrayed in the country's first report to the UN Committee on CEDAW that was presented in January 2005.

In March 2005, the 2005-2007 Strategy for the Development of Samoa was launched after a comprehensive process of stakeholder consultations, reflecting best practice with regards community participation in the formulation of government policies and strategies.

A number of new and amending legislations to strengthen good governance principles were enacted in 2005. These included the Public Finance Management Act 2001 intended to strengthen economic and financial management as well as the Public Bodies (Transparency and Accountability) Act 2001 for enhancing the performance of state owned enterprises. The Government also launched a new financial management information system to strengthen audit and reporting functions of the government and to enable Parliament to have timely and accurate reporting on all government transactions.

Following the restructuring of government ministries that became effective in 2004, all ministries have now adopted performance management systems. These provide a direct link between employee performance and the ministry's outputs through their corporate plans, annual management plans, service charters, capability plans and Budget.

Samoa continues to play an active role in regional affairs and programmes and received a special award by the UN for its role in peacekeeping activities through the deployment of its police force to serve in peacekeeping units in the Solomon Islands, Timor Leste, Liberia and Sudan. Since September 11 2001, the Government has worked hard to upgrade the systems for improved border control and management. The institutional strengthening of Immigration Services and other agencies such as Police and Customs as well as the recent establishment of the Transnational Crimes Unit have enhanced considerably the policing of borders to prevent the illegal entrance of prohibited and dangerous goods as well as unlawful entry by other nationals.

In terms of regional integration, Samoa along with other Forum Island countries adopted the Pacific Plan at the Pacific Islands Forum leaders meeting in October 2005. As a 'living document', it will form the basis of ongoing strengthening of regional cooperation and integration for the benefit of the people of the Pacific.

2.2 Update on the economic situation

According to the latest national accounts figures the economy grew by 3.7% in 2004 – and a slightly higher growth rate is expected for 2005. The growth is in anticipation of an expansionary fiscal budget heading into elections as well as intensified construction works for the 2007 South Pacific games and other investment activities. Inflation reached double digits in 2004 following Cyclone Heta's impact on food prices and has since declined to less than 2% in 2005. A flourishing agricultural sector contributed to cheaper food products over the year and further decreased the annual rate of inflation.

Fresh fish continued to be the largest export earner for the year accounting for 35% of total export earnings and was followed by nonu juice with increased international demand over the year.

Basic economic data are summarised in the following box:

Population		176,710 (Population and Housing Census 2001)					
GDP - Current Prices		\$ 390.28 million USD (2004)					
GDP - Constant Prices		\$ 354.73 million USD (2004)					
GDP per capita (000's)		\$ 2,200.08 USD (2004)					
GDP Growth Rate		2.2% in 1999, 6.1% in 2000, 6.7% in 2001, 1.2% in 2002, 3.3% in 2003, 3.7% in 2004					
Inflation Rate		0.3 in 1999, 1.0% in 2000, 3.8% in 2001, 8.1% in 2002, 0.1% in 2003, 16.3% in 2004, 1.9% in 2005					
GoS Revenue		\$ 105.8million USD (actuals 2004/05)					
GoS Expenditure		\$ 88.5 million USD (actuals 2004/2005)					
Export (fob)	(million USD)	1999	2000	2001	2002	2003	2004
Imports (cif)	(million USD)	19.5	16.0	18.7	16.5	15.8	12.4
		2003	2004				
Total Disbursed Outstanding Debt	(million USD)	124.1	124.2	159.8	161.8	144.9	191.4
Total Disbursed Outstanding Debt	(million USD)	162.4	170.4				
Gross Reserves	(million USD)\$	73.2	82.3	<i>(reserves of Central Bank of Samoa, Commercial Banks Ministry of Finance)</i>			
Exchange Rate (2003)	USD/TALA	0.3561	.3741				

Source: Ministry of Finance

Significant progress has been made on civil service reforms following the restructuring of ministries and downsizing of some functions. A gradual reduction in staffing levels has been achieved through natural attrition. A major review of functions of each ministry by the Public Service Commission with a review to refocus on core functions is almost completed.

The enactment of the Public Bodies Act 2001 laid the ground for State owned enterprise policy framework. Under the program, the government's priority has been to divest minority shareholdings in various enterprises and privatise those that are of no strategic public interest. For those of strategic public interest, a corporatisation program has been adopted to strengthen corporate governance and financial reporting. The revised Companies Act and supporting legislations is before parliament for consideration and when passed will complement the Public Bodies Act in ensuring that SOEs will be run on strictly commercial principles. Under the same legislation some SOEs may be required to provide community service obligations in order that there is universal access to a public good or service. The passage of a new Telecommunications Act in 2005 will help to create a more competitive telecommunications sector underpinned by an appropriate regulatory framework.

The tax and tariff reforms have improved the efficiency of the tax system and liberalised the trade regime. Tariff reduction has contributed to improving resources allocation through reducing the cost of investment inputs and increasing competitive pressure on import substituting sectors. There has been no discernible impact on government revenues of reforms in income taxes. Possible interventions at this stage include the improvement of tax administration including income tax collection and compliance with the tax codes. To this end an institutional strengthening program for the Inland Revenue section of the Ministry of Revenue is in the pipeline.

Supervision of the financial sector has been enhanced by bringing non-bank financial operators (e.g. loan and money transfer agencies) and insurance companies under the supervisory framework of the Central Bank. As well the Samoa International Financial Authority was established in 2005 as the new supervisory agency for offshore banks and the international banking bill was approved in April 2005 which includes the provision to require all offshore banks to establish a physical presence in the country. The Anti Money Laundering and Combating Financing for Terrorism Act was passed in 2005 and its implementation is expected to make Samoa compliant with the AML/CFT requirements and recommendations of the Financial Action Task Force.

The 2005/06 budget faced a number of domestic pressures most notably the large wage increase in the public sector and the restructuring of Polynesian Airlines. Although slightly expansionary the budget is expected to have an overall deficit of no more than 4.2% of GDP. To meet the shortfall in receipts, the Government issued securities tranching in 5, 10 and 15 year issues. The initial response was below expectations hence there is reconsideration of conditions in an attempt to increase uptake. A supplementary Budget was tabled in December to allow for critical expenditures that could be absorbed against expected revenues and that the overall deficit level was maintained within the target 4.2%. Budgetary restraint was exercised through the phasing over three years of the wage increase as well as the removal of all vacancies and new positions except where appointments were pending and overtime provisions. In support of the joint venture with Virgin Blue, a privately owned low-cost carrier based in Australia, a one-off payment was provided in the budget to meet the government's contribution to the working capital of the new Joint Venture company and the associated costs for returning the leased plane. The contractual agreement for the joint venture was signed in October 2005 with the long haul flights undertaken by the new joint-venture "Polynesian Blue".

Samoa is one of the highest recipients of remittances as a share of GDP. Remittances amounted to 24% of GDP in 2004 and constitute a critical component of the balance of payments. Remittance flows are relatively stable due to the continuing maintenance of strong ties between expatriates with their families even in the case of second generation migrants as well as the continuing flow of new migrants. Anecdotal evidence shows that remittances are mainly used to finance consumption. They also help households to provide education for their children and cope with adverse shocks. Remittances if used as a substitute for labour income can have an adverse effect on labour supply; on the other hand they can complement labour if used for productive investments. The migration of skilled workers can have a positive impact on the economy through its effects on remittances and trade networks.

Government's largely concessional external debt continues to decline during 2004 to SAT450.1 million, or 43.7% of GDP, but remains relatively high by regional standards.

Integration into the world economy and trade agreements

Samoa's WTO accession negotiations progressed steadily in 2005. Bilateral consultations were held with New Zealand and hope to conclude discussions with NZ in early 2006. Samoa also submitted its revised offer on goods and services as well as

responses to 94 questions and clarifications posed by WTO Members and awaits a response.

The Ministry of Revenue (Customs) is currently working on converting Samoa's current tariff codes (HS96) to the 2002 Nomenclature. This would be in line with the current system used by most member countries of the WTO and would ensure consistency and clarity when negotiating tariffs.

Samoa has yet to trade under the Pacific Island Countries Trade Agreement (PICTA). Tariff reductions on eligible products were scheduled to commence in January 2005. Samoa will be ready to trade under PICTA once the appropriate national legislation to implement the agreement, which is currently in draft form, is finalised and approved in early 2006. Fiji has so far been the only PICTA Member to complete all preparation for trading under PICTA.

The possibility of including services in PICTA is now being discussed. Samoa is working on its proposal and in identifying appropriate services sectors that they will commit to liberalise. National consultations were carried out with some service sectors under Samoa's WTO accession commitments and a similar approach will be used for this exercise. The Forum Island Leaders will discuss and endorse outcomes of regional proposals on this extension.

Progress in the negotiation of EPA

Samoa would like to maximise the opportunities brought about by globalisation and to ensure that its businesses are able to compete globally. The need to integrate into the global economy is reflected by its current efforts in joining the multilateral trading system, regional integration through the PICTA and PACER as well as negotiating a possible EPA with the EU which should also contain a developmental aspect.

Samoa's trade with the EU is low due to a number of factors such as supply capacity, meeting EU standards, transportation costs, market access, to name a few. These are areas which should be addressed in the negotiations to ensure that an agreed arrangement is beneficial for the development of Samoa's trade, in particular exports as well as infrastructure development. The EPA should further provide support for regional integration and trade related rules. Preserving current preferential access for both traditional and non-traditional exports is a key issue.

Samoa wholly supports the EPA negotiations being conducted at the regional level and have endorsed the PACP EPA architecture of a Master Agreement with subsidiary agreements. Under the negotiation structure or arrangements, Samoa is the alternate spokes person for the Pacific ACP Regional Negotiating Team (RNT) and the lead spokes person in the Tourism sector. In the 7 identified sectors of interest to the region Samoa is represented in 3 Technical Working Groups - Services & Tourism, Investment and Legal. Samoa is aware also of the EU non-reciprocal Everything But Arms (EBA) initiative for LDCs. This is an alternative which is considered an opportunity cost for a contractual arrangement such as the EPA.

PACPs share similar concerns and needs reflected in the EPA negotiations. These concerns include the need for flexible Rules of Origin (ROO), in particular fisheries

and garments, as well as other trade facilitation measures that would assist in the export of goods to the EU market. Samoa would also like flexibility of the ROO through extending the scope of diagonal cumulation to include supplying countries in the Pacific region who are not currently party to a trade agreement with the EU. This would be an opportunity for Samoan products to meet the ROO requirements. Samoa also joins other PACP states' views on the need to have a provision for automatic derogation to facilitate the development of new manufactured products from Samoa as well as a provision for infant industry.

There is potential in enhancing the tourism sector through increased European visitors as well as potential European investors in this sector. The Government supports structural reforms in order to make Samoa an investment friendly environment. It is also considering appropriate ways to adapt the land tenure system so that there is opportunity to utilise customary land for development purposes. Samoa already has an open and conducive market economy for investments not only in terms of having lower tariff rates in trade in goods but also lesser restrictions in the trade of services.

There is an absence of appropriate domestic regulations and national legislation to govern various sectors of Samoa's economy. These have to be in place for EPA and WTO obligations to be effectively implemented. A Commonwealth Secretariat project is currently underway to review and amend all trade-related legislation with particular focus on WTO compatibility.

There is a need to have in place appropriate structural adjustment mechanisms for local business in lieu of foreign competition and changing business environment. There is a need for additional financial resources to assist PACPs in their preparations for substantive negotiations with the EU.

Samoa supports the call by WTO Ministers in Doha for members to accelerate the accession of LDCs and ensure their integration into the global economy. However, the Accession Guidelines for LDCs, adopted in Dec 2002, are considered insufficient to deter excessive demands of WTO Members on acceding LDCs and Small and Vulnerable Economies (SVEs) and do not fully reflect the economic vulnerability and growth of a country like Samoa. Samoa is requesting transitional periods to implement WTO agreements.

Samoa does not provide subsidies or direct financial support to its agricultural sector. As an LDC and a small and vulnerable economy, the option to support agricultural producers especially to enable them to export and compete regionally and globally is considered necessary, so long as such financial support are kept to the very minimum and does not distort trade. Therefore, Samoa supports the call by Ministers for developed WTO Members to reduce and or eliminate their high agricultural and export subsidies.

The inclusion of Aid for Trade in the WTO agenda is very much supported by Samoa so long as this aid is not conditioned on any commitments in other areas of negotiations. How this will be implemented would be important to Samoa.

Samoa is also mindful of the implications of EPA on triggering PACER Article 6. Work is currently underway to possibly extend PACER to include trade in services.

This, together with investment, growth and governance follows on from the 4 pillars of the Cotonou Agreement which are similar to that of the Pacific Plan.

With the number of trade arrangements that Samoa is involved in increasing, there is a clear need for increased resources, financial and technical, to be able to deal with each agreement thoroughly and deliver results on a timely basis.

In negotiating the Pacific region trade arrangements, Samoa actively participates in the regional negotiating process through the established negotiating machinery from the Ministerial level down to the Technical Working Groups.

2.3 Update of the social situation

The main focus of the SDS 2005-2007 is to improve economic and social welfare at the community level therefore the creation of economic opportunities at the community level is crucial for the overall development of the country. In view of the growing socioeconomic problems emerging from a lack of opportunities, emphasis is placed on promoting private sector investment which is vital to delivering a better quality of life to all Samoans.

Poverty in recent times is recognised as a multidimensional phenomenon which in addition to lack of income also manifests itself in terms of lack of opportunities to earn income and lack of access to quality social services such as education and health, as well as vulnerability. Using the internationally quoted benchmark for absolute poverty of US\$1 per capita per day, the income poverty for Samoa has decreased to a level lower than the target for the year 2015 between 1997 and 2002. Similarly the prevalence of under weight children has significantly been reduced and targets already surpassed.

A national policy for children is under preparation. The concerted efforts of the focal ministry for children's issues and others has brought about enhanced awareness of the importance of children's rights as well as the fundamental responsibilities of parents to ensure that such rights are exercised. The first report by Samoa on the Convention on the rights of the Child was submitted to the United Nations in August 2005. The practice of child adoptions by foreign citizens outside the legal system was halted. The promotion of the prevention of child abuse programs expanded its outreach such that there is a visible change in attitudes and parenting skills.

Following the presentation of Samoa's report to the CEDAW Committee, there has been an upsurge in the delivery of programs highlighting the importance of greater participation of women in public life in particular national politics. A new political party headed by a woman with a predominant female membership was set up in anticipation of the upcoming elections. A record number of women are running for parliamentary seats. Two more women were appointed to head a government ministry and one corporation. The equal participation of women in executive development programs has prepared many in readiness to assume leadership positions.

The absence of any new cases of HIV/AIDS for some time now and the upsurge of many non government organisations working in prevention programs with the

availability of grant financing for such programs have renewed and enhanced awareness of the situation. Sports organisations are instrumental in promoting awareness through sports tournaments targeting youth.

The Government has been in the forefront of efforts to promote the reintroduction of traditional artefacts that remain used in the Samoan exchange system through the development of an extensive network of community weavers working with the government appointed representatives (male and female) and the Ministry of Women Social and Community Development. Through this network also there has been a promotion of policies to help reduce financial obligations required as part of the social structure, such as reducing the number and size of goods to present and distribute at social gatherings.

2005 saw the closure and completion of a greater part of the government's investment in institutional strengthening projects (ISPs). There is continued recognition that Public Administration is a key sector in the Government's overall reform strategy and that if Samoa was to make the most of its own and donor resources, the public service needed to be efficient and effective. The ISPs directed focus on a more integrated approach to strengthening systems, processes and people within the public service for managing financial, human and physical resources. With the completion of most institutional strengthening projects and the consolidation of the realignment of the public sector as well as a review of capacity building needs across the public service and private sector, there is concerted effort to develop a whole of government framework to ensure that an integrated approach is achieved. There is now a 'critical mass' of skilled and motivated middle-managers who have practical experience in change management and who are well-placed to lead and manage future change. ISPs have made a major contribution here. This contribution has been complemented by good in-country training, a well-targeted scholarship program leading to more graduates from USP and NUS entering the public service and the return to Samoa of a number of experienced people after extended periods overseas.

The Remuneration tribunal recommended a significant wage increase adjusted for different levels for the public servants and was implemented in a phased arrangement in mid 2005.

The National Task Force on the MDGs have completed its first report on the situation analysis of Samoa. Progress in the achievement of the MDGs is given in the table below.

Type	Indicator	2000	2001	2002	2003	2004	2005	2006	2015
Impact	Proportion of population below \$1 per day	15% ¹ (1997)		5.0%					7.5%
	Prevalence of underweight children	6.1% (1992)	1.9% ² (1999)						3%
	Under 5 mortality	42% (1990)		25% ³					14%
	Net enrolment ratio in primary education		92.7	94.9		85 ⁴			100
	Primary completion rate	85%				82 ⁴			
	Ratio of boys to girls – primary	.98		.93		.92			1.0
	- secondary	1.06		1.04		1.08			1.0
	- tertiary	1.66		1.43					1.0
	Proportion of births attended by skilled health personnel	76 (1990)		77.6		90			
	Proportion of 1 year old children immunised against measles	89 (1990)		98% ³ 52% ⁷		48% ⁶			100
	HIV prevalence among 15-24 year old pregnant women	Not known	Not known	Not known	Not known	.002			
	Proportion of population with sustainable access to improved water supply (target figures in brackets) ⁸	-	-	27%	37%	41%	47% (50%)	(66%)	(85%)

Notes:

1. ADB Household Income Expenditure Survey 2000
2. National Nutrition Survey 1999
3. Ministry of Health Annual Reports
4. Ministry of Education Statistical Digest 2003-2004
5. Population and Housing Census 2001
6. WHO – calculated using a census based denominator
7. Recalculated against census based denominator
8. Figures given are for access to safe potable drinking water, with target figures taken from the *Water for Life: Sector Plan and Framework for Action* (March 2005). Data in previous JAR reports based largely on data from 1990&2001 Population and Housing Census but this was misleading as those figures referred to access to piped water supply without regard for quality of service or level of treatment.

Other sources: ADB Country Strategy and Program Update (2003-2005), Samoa Ministries of Health and Education.

Overall, most if not all of the goals are on target to be achieved by the year 2015. In terms of poverty reduction, a general lack of data makes it difficult to assess trends over time given that Household Income expenditure surveys are not done on a regular basis; the last one completed in 2002. Poverty incidence as determined in the Participatory Assessment of Hardship study in 2000 showed that poverty incidence was slightly higher in the urban than the rural areas. These findings led to the identification of vulnerable groups such as those living on leased land in the urban

fringes with insufficient land to grow food crops and those in the rural areas with limited access to basic services. The Government is addressing the issue of limited access by ensuring that there is total coverage with the basic utilities and infrastructure. Educational policies such as the adoption of a single stream curriculum at secondary level and the provision of improved educational infrastructure around the country are all measures to ensure equity. Similarly for health services, significant investment has been made in the upgrading of rural health facilities including the introduction of a scheme by which these are served by doctors.

By prioritising investment in water under the 9th EDF, the Government is seeking not only to progress improvements in public health but also to have an impact across its entire development agenda. Improved water resources management and access to water supply and sanitation is intrinsically interconnected with achievement of each of the eight MDGs, with those who are most vulnerable often benefiting the most. Support under previous EDFs has laid the foundations for a change in the “business as usual approach” with a shift toward a sector-wide approach to water resource development and management. Implementation under the 9th EDF is set to see this new approach translated into tangible results in health improvement, environmental sustainability, and reduced inequalities through the implementation of water sector policies and plans centred on integrated water resource management (IWRM) principles and practices.

Early gains under the Rural Water Supply Consolidation Project (RWS-CP) have increased access to safe potable drinking water by 6% with national figures rising from 41% to 47% of the population. Planned works in 2006 under the RWS-CP will see this increase a further 8% and it is the Government intention that interventions under the new Water Sector Support Programme (WaSSP) will enable over 85% of the population to have access to safe potable drinking water by 2010. Support under the WaSSP programme targets more than infrastructure alone and it has a major focus on effective water governance, sustainable water resource management, and the integration of wastewater and sanitation measures with water supply improvements. The start-up phases of the WaSSP programme began in late-2005 and tangible results in these areas are not anticipated until 2006 onwards. With EDF support, Samoa is therefore in a strong position to make a significant impact on reducing the number of people without sustainable access to safe drinking water and basic sanitation (MDG Target#10) as well as contributing to the achievement of other development priorities and MDG targets.

Samoa is in a strong position to achieve the goal of halving the proportion of under-five children who are under weight before the target date. The proportion of moderately underweight for age children in the past decade has decreased from 6% in the early nineties to less than 1.9% as recorded in the 1999 National Nutrition Survey. While there are sporadic cases of children with malnutrition, these do not reflect the ‘tip of an iceberg’ of a widespread public health problem as regards overall under nutrition and growth. The situation could change if there was a shift in eating habits or change in food supply as in a situation following a cyclone say. There is on the other hand a prevalence rate of overweight of 7.8% and obesity of 2.8% for children aged 2 years to 4 years as measured by the body mass index (BMI).

Samoa has already surpassed the 2015 target of reducing infant and under 5 mortality rates. Infant mortality rate has declined from 22.4 per 1000 live births in 1990 to 17.8 in 2000. Similarly Under 5 mortality has dropped from 42 in 1990 to 25 in 2002. The most important preventive measure for Under 5 mortality is breastfeeding. In 1999, 93.7% of children initiated Breastfeeding and the medium duration of breastfeeding was 22 months. The exclusive breastfeeding rate at 4 months of age was only 58.3%. Only 35.8% of children first received soft foods between the ages of 6 and 9 months. These are key challenges which are being addressed through the adoption of a Breastfeeding Policy.

In terms of the educational targets, generally children throughout Samoa have access to primary and secondary education; gender equity is not a serious issue however not all children participate. The declining trends in net enrolment in primary education as well as a high drop out rate after the first two years of primary education are a concern and pose a real challenge to the achievement of universal primary education by 2015. The causes for not attending school or dropping out are many and varied. The challenge is for the government to consider options that would support and strengthen its compulsory primary education policy and continuing to place emphasis on the provision and delivery of quality education.

The Ministry of Health has developed a system of registration and training of Traditional Birth Attendants (TBAs) with the aim of ensuring that they can manage normal labour safely, recognize complications and risk factors, and transfer complicated cases (or those beyond their scope of experience) rapidly and appropriately. However it is important to balance this by strengthening professional obstetric services and ensuring that women have access to both the services and the information they need to plan wisely for childbirth – recognizing that the strategy of training TBAs to improve obstetric services is worldwide “now increasingly seen as a failure” (Ref: World Health Report 2005 Box 4.4: Traditional birth attendants: another disappointment)

Immunisation coverage has been reported at consistently high levels for all vaccines for many years. However, at the time of the measles outbreak (eventually shown to be rubella) in 2003, blood tests carried out on children and adults presenting with acute rash and fever showed unexpectedly low levels of measles immunity. This prompted an in-depth review of the national immunisation programme, carried out with the assistance of WHO and UNICEF in October 2004. During the review, reported immunisation coverage data for 2001-2003 were re-calculated using information from the 2001 census on the number of children under one year of age. This gave significantly lower coverage figures than the method previously used (in which the “eligible population” for each dose was ascertained during vaccination rounds in each village), but is considered much more accurate. From 2004 the Ministry of Health has adopted the use of census-based denominators for all immunisation coverage reporting.

It is now recognized that Samoa’s immunisation programme is not as strong as previously thought, with significant numbers of children not receiving full courses of vaccination and thus remaining susceptible to vaccine-preventable diseases. The Ministry of Health is implementing a range of measures to strengthen this programme.

The incidence of HIV/AIDS in Samoa is low compared to other developing countries, Whilst the supportive policy and national structures are in existence for the coordination and management of HIV/AIDS activities nationally, this infrastructure has been, until more recently with the release of the HIV/AIDS and TB Global funds for Samoa, severely under resourced. While there have been no new known cases over the past few years, other sexually-transmitted infections, however, are present at high rates. This situation indicates the potential for rapid spread of HIV as well as the urgency of tackling the current STI problem.

2.4 Update on the environmental situation

A study to update and strengthen the Country Environmental Profile (CEP) is to be commissioned by the Government in early 2006, with funding from Samoa's Technical cooperation Facility (TCF). The results will support the preparation of the Country Strategy Paper. The updated CEP will provide clear information on the key environmental challenges, as well as policies, strategies and programmes designed to address them. This information will ensure that the EC cooperation strategies systematically integrate environmental considerations into the selection of priority focal areas and also establish the necessary environment safeguards for all cooperation activities undertaken in the Country.

3. OVERVIEW OF PAST AND ON-GOING CO-OPERATION

Overview of past co-operation

Under the terms and conditions of the four Lomé Conventions Samoa received EC assistance through National Indicative Programmes, non-programmable aid (STABEX), the Centre for Development of Enterprise (CDE) and through regional programmes. Total commitments made so far under the different Lomé Conventions amount to € 84 million, of which about 50% from NIP resources, 30% STABEX funds, 19% EIB financing and 1% emergency aid. An increase of € 2.7 million from 8th EDF reserves which was allocated to Samoa for its satisfactory performance under the last Lomé Convention.

On-going co-operation

Under the Cotonou Agreement (9th EDF), the focal sector is defined in the CSP as the *improvement of the quality of public health through the development, management and conservation of water resources and the disposal of waste water, in the framework of sustainable development of Samoa's economic and social environment*, which is largely a continuation of previous involvement in the sector. The 9th EDF National Indicative Programme (NIP) allocations were € 20.0 million for the "A" envelope and € 7.1 million for the "B" envelope.

As part of the Mid-Term Review (MTR), it was agreed to maintain the country strategy as contained in the CSP, but with a realignment of the NIP allocations. Recognising that identified needs exceeding the available A-allocation resources for the focal sector, and acknowledging Samoa's good performance ratings, the MTR agreed that a transfer from the B-allocation of €5.0 million. A €0.94 million FLEX entitlement (2003) has also been programmed to the focal sector.

3.1 Focal Sectors

3.1.1 Focal Sector - 9th EDF National Indicative Programme

a) Results

The overall goal is public health improvement and specific objectives to be pursued within the focal sector under the CSP include reliable quality water supply to all areas of Samoa, sustainable management of natural resources and due respect to environmental considerations, particularly to water resources, and environmentally friendly wastewater disposal and sanitation. Results anticipated are: a coherent water resources management strategy in place; construction and rehabilitation of water supply projects completed; support to the SWA in place and operational; and appropriate sanitation practices in place. Continued public sector reform, the streamlining of the water sector organisations, and development of water policy were identified as accompanying measures together with important cross-cutting objectives aimed at enhancing stakeholder involvement and environmental protection. The intervention framework is presented as an Annex.

Financing commitments

In 2005, new global commitments under the focal sector NIP resources were €19.09 million for a Water Sector Support Programme (WaSSP). Total global commitments under the 9th EDF focal sector NIP resources are:

- TA to the NAO (DAG commitment)
 - 8 ACP WSO 9 / € 0.350 million / 1.75% A-envelop
- Rural Water Supply and Sanitation Study (DAG commitment)
 - 9 ACP WSO 1 / € 0.199 million / 1.00% A-envelop
- Rural Water Supply Consolidation Project (RWS-CP)
 - 9 ACP WSO 2 / € 1.700 million / 8.50% A-envelop
- Technical Cooperation Facility (TCF)
 - 9 ACP WSO 3 / € 0.600 million / 3.00% A-envelop
- Water Sector Support Programme (WaSSP)
 - 9 ACP WSO 4 / €18.150 million / 68.75% A-envelop + €5 million transfer from B-envelop
 - 9 ACP WSO 5 / € 0.940 million / FLEX entitlement from - envelop

Samoa's original focal sector allocation of €16 million under the A-allocation is effectively fully utilised, excepting minor unutilised balances and decommitments, with an additional €5.940 million also programmed to the focal sector from the B envelope.

Results achieved at a sector-level

The Rural Water Supply Consolidation Project (RWS-CP) is addressing immediate needs in the sector by consolidating the impacts and benefits of newly installed water infrastructure on both islands (in NW Upolu and SE Savaii), implemented under 6th / 7th / 8th EDF support. Tangible benefits became evident during 2005 as the project moved into its fully operational phase with access to safe potable drinking water increasing by 6%, with national figures rising from 41% to 47% of the population. The RWS-CP enabled an additional 810 customers (~6,000 population) to be connected to upgraded water supply systems through the construction of new sub-mains and metered household connections. Total connections in the target areas now exceeds 6100 customers (~45,100 population) and it is anticipated that works planned for 2006 will see this increase to meet the target of 7400 connections (~55,000 population) by September 2006. Complementary community consultation and awareness programmes also resulted in improvements in the development of water-wise communities with average per capita consumption figures falling below the target level of 300l/person/day in many areas.

The WaSSP programme is providing support for attaining medium- to long-term goals in the water sector but tangible results are not anticipated until the second half of 2006, ie after the start-up phase. The WaSSP programme will increase access to safe and reliable potable water supply to a further 53,500 rural villagers (30,600 in Upolu and 22,900 in Savaii), approximately 30% of the total population. Complementary measures will improve the effectiveness of existing water supply systems and ensure unaccounted for water is reduced to economical levels, thereby improving system efficiency and levels of cost recovery. The negative impacts on public health and the environment due to inadequate sanitation and wastewater disposal facilities will be addressed through provision of appropriate and environmentally sensitive sanitation facilities to 200 schools and (~42,000 pupils) and 15 district hospitals. Supplementary measures will reinforce hygiene education programmes and ensure safe collection and disposal of the septage. Institutional support under the WaSSP programme will lead to improvements in water sector governance and the development of a coherent water resources management strategy, with a focus on effective and sustainable allocation, conservation and protection of the water resources. Technical and management capacity building support will also assist SWA, MNREM and others in the transition toward a more complete sector-wide approach.

Sector policy dialogue

Positive progress has been achieved in water policy and the definition of a strategic sector-wide approach. The National Water Resources Policy has been reviewed and updated and a complementary National Water Services Policy has been approved by the Cabinet Development Committee (CDC) and is awaiting final endorsement by Cabinet. Policy directions continue to promote IWRM principles and practice, and are aligned with the EC's water policy directives.

Sector planning

A major stakeholder consultation process, known as the *Water for Life* initiative, was launched in early-2005 and has led to the development of an initial medium-term *Water for Life: Water Sector Plan and Framework for Action*. Driven by the Government's sector planning process under the Economic Policy and Planning

Division (EPPD), the *Water for Life* document provides a strategic sector-wide framework for addressing sector issues and concerns and is intended as a tool to help coordinate and focus sector activities, both now and in the future. The WaSSP programme will provide support to ensure this essential building block is periodically enhanced and updated including the strengthening of a medium-term expenditure framework (MTEF) to guide future investment in the sector.

Sector co-ordination

The *Water for Life* process as led to the formalisation of a Water Sector Steering Committee (WSSC) to guide sector policy and programme implementation. The WSSC has a core representation from key Government ministries (Health, Finance, Women, Community and Social Development, and Works, transport and Infrastructure), the major water users and utilities (SWA and Electric Power Corporation), and the NGO/NSA sector (SUNGO), with invited observers including the EC. Means to strengthen the management and coordination of day-to-day operational activities is also being established under the Aid Coordination and Debt Management Division within the Ministry of Finance. The WaSSP programme will provide technical assistance support to ensure these co-ordination bodies become fully effective.

Sector indicators and performance monitoring

Building on the preparation of the *Water for Life* document, a process to enhance sector indicators and targets has been initiated following a *Water for Life: Special Session on Performance Monitoring*. The outcomes of the meeting identified a number of areas for action and encapsulating these in the WaSSP programme activities will provide a means to improve performance monitoring, reporting and client consultation systems at the sector-level. Links to national-level activities under the MDG Task Force will also be strengthened.

Streamlining water sector organisation

Continuing institutional reforms has led to the Meteorological Office (formerly under the Ministry of Agriculture, Forestry and Fisheries) being placed under the Ministry of Natural Resources and Environment and Meteorology (MNREM). The move has strengthened MNREM's capacity for water resources assessment and integration of activities with those planned under the new Water Resource (WRU) will provide a stronger basis for water resource management strategy formulation and implementation. Technical assistance under the WaSSP programme will also assist in these areas.

Ownership

Sector reform continues to promote ownership and to rationalise roles and responsibilities in-line with overall government reform processes. Implementation modalities for the RWS-CP and WaSSP are designed to ensure organizational roles and responsibilities are mainstreamed in existing structures and that implementation strengthens local ownership. Devolving powers to line ministries and corporations, empowering community involvement, and providing private sector opportunities are key elements of the implementation. For example, the RWS-CP has seen the SWA take a lead role in project management and supervision with infrastructure design, works construction and community awareness and consultation tasks outsourced to the local private sector. This approach has successfully served to increase ownership

by the SWA, to strengthen local consultant and contractor experience, and to ensure communities are actively engaged and committed to the project deliverables.

b) Progress in activities

Implementation of the RWS-CP

The Rural Water Supply Consolidation Project (RWS-CP) is consolidating the impact and sustainability of benefits from newly improved water supply infrastructure in NW Upolu and SE Savaii. The project is an Externalised Direct Labour Operation with implementation and management devolved to the SWA via a Service Contract.

A slower than anticipated start during the early stages of the RWS-CP implementation has been rectified during 2005 with strong progress being made in all activities. The first programme estimate, PE#1 (Apr-Dec 2004 / €0.105), was closed during 2005/1. Activities under the second operational work programme, PE#2 (Jan-Dec 2005 / €0.784 million), included the finalisation of detailed investigation and design activities and the award of four Works contract lots for the construction of sub-mains, with SWA taking responsibility for household connections. One further Work lot for leakage remedial measures in the Old Fuluasou WTP area was awarded in late-2005 but implementation has been delayed until 2006 to ensure the Works can be completed within a single operational programme estimate period. A final 9-month operational programme estimate, PE#3 (Jan-Sep 2006 / €0.770 million), has been approved and will come into effect from 1 January 2006.

Overall, progress with the RWS-CP has been good and no problems or bottlenecks are anticipated during in 2006.

Implementation of the Water Sector Support Programme (WaSSP)

The Water Sector Support Programme (WaSSP) is a sector policy support programme implemented through a combination of Technical Assistance services, Works and Supervision contracts, and annual Programme Estimates. Signature of the WaSSP financing agreement in September 2005 was followed by the preparation and endorsement of Programme Estimate No.1 (PE#1 / € 1.032 million) in December 2005. This first programme estimate covers a range of start-up activities and provides a means of preparing more detailed work programmes for activities that will become operational under the second programme estimate (PE#2), anticipated to start in July 2006. Procurement of technical assistance for *Programme Management Support* (PMS / € 0.500 million) and *Programme Implementation Assistance* (PIA / € 1.100 million) is well-advanced and the successful consultants are expected to be in post during the first quarter of 2006.

Final design of the proposed WaSSP infrastructure measures has been advanced through a contract for *Project Design Assistance* services (PDA / € 0.200 million), with funding drawn from the TCF funds. The PDA services started in April 2005 for a 24-month duration. Initial progress was rather slow but the subsequent replacement of the Team Leader has enabled good progress to be made and the tender dossiers for the Phase 1 Works are anticipated to be complete in February 2006. It was foreseen in the Contract Notice for the *Project Design Assistance* services that the successful design consultant may also be awarded the contract for the associated *General and*

Site Supervision of the Works. This approach ensures full continuity between design and supervision by maintaining the chain of responsibility. Agreement for a negotiated procedure has been granted and detailed TOR for the services issued for a formal proposal submission, with an anticipated start for the supervision services in the second half of 2006.

Overall, progress with the WaSSP start-up activities is on schedule but significant progress in terms of results can only be expected from mid-2006 onwards.

Stakeholder involvement

Government moves to strengthen sector planning and coordination have centred on the *Water for Life* process. During 2005, the consultation process on a draft *Water for Life: Sector Plan and Framework for Action* raised a number of challenging issues and concerns. These shaped the agenda for a major stakeholder meeting in April 2005 which addressed: policy and strategy; sector financing; performance monitoring; sector co-ordination; and institutional capacity. The meeting attracted a wide range of stakeholders from Government Ministries and Departments, State-owned enterprises, Non-Government Organisations, Community representatives, the private sector, regional/international organisations, and the donor community – with 22 different departments and interest groups represented. The outcomes of the meeting are contributing to an update of the *Water for Life* document due to become available in the first half of 2006.

Strengthening the sector-wide approach

It was acknowledged by all participants that the *Water for Life: Sector Plan and Framework for Action* provided a basis on which to build and that the meeting itself had helped to strengthen and focus its future content. Participants also noted that the *Water for Life* initiative should not be viewed in isolation but rather as a continuing process - with the process itself seen as a central element in stimulating the successful development of a sector-wide approach. Subsequently, complementary *Water for Life: Special Sessions* have been initiated with the first special session focusing on performance monitoring. The meeting outcomes are contributing to the updating and strengthening of the sector policy and strategy in the future.

Donor coordination

Donor coordination is essential under the sector-wide approach and both formal and informal meetings to discuss progress with projects/programmes, to identify means to improve and strengthen co-ordination, and to explore options for future donor financing have been encouraged over the past year. Key partners in the discussions have included the ADB, AusAid, NZAid, JICA, UN and others. Close coordination with key regional organisations (eg SPREP and SOPAC) has also been maintained. It is anticipated that a more formal process will be established during 2006.

Capacity building for the NAO Office and Line Ministries

Technical Assistance to the NAO has proved effective in supporting the preparation, management and implementation of the EDF programme in all its phases. In recognition of the growing intensity of EDF programme activities the NAO considers it essential that continuity of this support is maintained.

c) Cross-cutting themes

Incorporation of cross-cutting themes is implicit in the WaSSP programme, and builds on an inclusive process during the definition phase of the programme. Institutional strengthening and capacity building are core components of the programme and will be used to strengthen effective implementation, not only within SWA but also other key agencies within government and elsewhere. Gender issues and concerns have been mainstreamed through consultation with key stakeholder groups including representation from Women in Business, Ministry of Women Affairs, Social and Community Development and Village Women's Committees who are all active and well represented at the village and community level. Improvements in performance monitoring will promote gender-disaggregated statistics and task analysis to ensure gender differences are explicitly highlighted and effective measures to address existing inequalities formulated.

Environmental concerns are at the centre of water policy objectives and the WaSSP will build on these principles in supporting measures to protect the integrity and function of the natural ecosystems as an essential prerequisite to fulfilling broader sustainable development goals. The WaSSP includes measures to improve land and water management, to make investments in improved sanitation, and to support wastewater disposal and management. The Ministry of Natural Resources, Environment & Meteorology (MNREM) is an important partner in the programme and a key agency for institutional strengthening and capacity building during implementation, including the establishment and skilling of a dedicated Water Resources Unit to oversee policy implementation. Enforcement of recent legislation requiring environmental screening and EIAs for all major infrastructure will reinforce the environmental integrity of proposed interventions.

Implementation of the WaSSP programme will support community-led interventions under a key message that *'water is everybody's responsibility'*. Interventions are expected to draw on lessons from on-going regional projects piloting community-based catchment management initiatives under the UNDP/GEF International Waters Programme (IWP) and establish closer links with Regional initiatives, particularly those under SOPAC's Community Lifelines programme.

Capacity building and institutional development are essential to the success of a sector-wide approach. Skill shortages in some areas and high staff turnover in Government ministries and the SWA remain areas of concerns despite the introduction of new management procedures, more transparent human resource processes, and greater emphasis on training and staff development. A focus toward institutional development that can internalise training and skills development is required. The WaSSP programme aims to be innovative in its approach to continuing education and skills upgrade and will forge links with the new Samoa Qualifications Authority (SQA), with a view to enhancing the status and professional standing of water engineers and practitioners. Despite this, it is likely that the private sector will continue to draw technicians, managers and professionals from Government service through its ability to offer enhanced financial packages and other incentives. Government agencies should however benefit from these seemingly negative trends

through increased outsourcing of consultancy and contracting opportunities to an expanding and maturing local market.

3.2 Projects and programmes outside the focal sector

Micro-projects programme

A third phase of a successful Micro-projects programme started on 1 May 2003 with a budget of € 4 million and is scheduled to end in April 2007. The programme aims at assisting in the alleviation of poverty by increasing access to social and economic infrastructure facilities in rural areas as well as the capacity to develop and maintain such facilities. Since the programme commenced in 1995 around 400 projects have been implemented. Payments on ongoing individual commitments over the first three years of implementation amount to € 2.944 million. Over the last 12 months around 60 projects have been approved for funding with a good distribution over key sectors of education, water, agriculture, health and tourism. The NGOs in Samoa also have access for capacity support and are actively involved in the project review, approval and monitoring process. A proposal for funding an extension phase of the project (2007 – 2009) should be submitted early in 2006. The “External Monitoring Mission” visited the project in August 2005 and gave overall a very positive report. An external mid-term evaluation will be implemented in January/February 2006 and should make recommendations in order to take full advantage of the results produced to date, and to further improve the beneficiaries standard of living in the future.

EPA negotiations

Progress has been made at the regional level on EPA negotiations. The Pacific region has endorsed its negotiating mechanisms and structure. Samoan trade officials and trade negotiations Minister have been involved in this process from the start. However, there is a need to further enhance the capacity of not only trade officials but also other ministries and private sector on issues, impacts and development of EPA negotiations. Additional financial resources are needed to conduct awareness programmes to enable increased participation of stakeholders at the relevant meetings as well as access to capacity building workshops. Technical expertise is also required to enhance awareness programme efforts.

The adjustment assistance support costs include fiscal adjustment; trade facilitation and export development; production, employment and skills development and productivity enhancement.

The fiscal adjustments arise as a result of the need to replace tariff revenue losses associated with the removal of tariffs on imports from the EU, post EPA. Samoa will need to re-write its taxation system in order to increase revenue from alternative sources. The trade facilitation and export diversification support is required in order for Samoa to reap the benefits of re-allocating resources away from import – competing sectors towards new export activities. Production and employment adjustment programmes will be required because the reallocation of displaced resources from current (pre EPA) activities to the export sector will not be immediate and smooth. Skills development and productivity enhancement programmes will

reduce the adjustment costs and increase the scope for dynamic benefits from export development.

Likewise, as Samoa's WTO accession continues, bilateral negotiations with member countries are expected to accelerate since submission of revised offers in goods and services in November 2005. Expert advice on WTO technicalities will be needed to ensure that Samoa makes commitments that it can deliver economically and realistically. The need to enhance public awareness on WTO issues remains and is expected also to continue even after accession.

In order to maximise the opportunities offered by globalisation and the opening up of markets, Samoa needs to develop its product base especially in the exports. Assistance to local businesses in improving their operations that enables them to trade competitively and improves their supply capacities is needed. The CDE ProInvest programme could be better exploited to provide support in this area.

Furthermore, in order to capitalise on these global opportunities, an appropriate policy framework to encourage entrepreneurship and entrepreneurial activities needs to be in place. This will contribute significantly in expanding Samoa's product based (for exports).

Recommendations were made at National workshops conducted under EPA negotiations for an explicit National Policy Mechanism on EPA negotiations to be in place. Given resource constraints, it will take some time before a comprehensive plan is in place.

3.3 Utilisation of resources for non-State actors (NSAs)

Under the current arrangements the NIP funding accessible to Non State Actors (NSAs) is through the € 4 million Microprojects programme. Most sectors utilize funding available successfully although there are some sectors (notably NGO capacity building), where funds are underutilized. Despite the significant need of NSA for project funding some research needs to be undertaken as to why NGOs are not accessing this fund. Possible factors include: the need to build capacity in project design that meets the programmes criteria; most NGOs are sustained by bilateral aid and find it very difficult to raise the required 25 – 35% cash contribution from a very small fundraising base with many other competing local fundraising priorities as compared to community/village groups who have a 'captive' fund raising base and are well versed in this type of fund raising. There is also the situation that there are a number of other programmes running to assist NSAs which would not always require a cash contribution including, for example, the bi-lateral small-grant schemes support by Australia, Germany, Japan and The Netherlands.

Initial efforts are underway to address identified capacity gaps and Samoa Umbrella for Non-Government Organisations (SUNGO) has made a proposal to EU to aid the NSA in capacity building to enhance ability of NGOs to access funding available.

The NGO sector also notes that a significant sum of the funding is utilized for village school buildings. While there is some argument that these buildings are 'community

projects' as they are owned by the village communities, the NGOs consider that such infrastructure should be delivered through a larger and different funding mechanism as it absorbs a considerable portion of the NSA grant which could be distributed more broadly. They suggest an alternative source for funding might be sought for this specific area and not through micro-projects programmes. Sectoral emphasis ought to be revisited to ensure that there is a balance in addressing expressed needs despite the fact that education is one of the priority needs.

Relationship in next Funding Cycle.

Currently the Microprojects are managed and implemented by the Project Management Office, SUNGO considers that it could play a more active role in administering the Microprojects. They argue that this could provide for better targeted assistance and promotion and would enable building of linkages between community groups and NGOs which would lead to projects designed for greater impact and sustainability.

3.4 Utilisation of envelope B

Indicative allocation for the 9th EDF under envelope B was €7.1 million. The Mid-Term Review recommended transfer of €5.0 million from the B-allocation to be programmed to the water sector. Subsequently, 0.94 million FLEX entitlement (2003) was also programmed to the focal sector. In May 2005 Samoa formally requested additional financing from the B-envelope for short-term fluctuations in export earnings. Given the importance of the envisaged activities for improving the local population's resilience to natural disasters additional €1.16 million support was agreed (€1.14 million under FLEX + €0.02 under Humanitarian assistance) and this should complement the current micro-project intervention 8ACP WSO 10. An 'Order for Services' was issued in July 2005. Samoa's allocation under envelope-B is now fully utilised.

3.5 Other instruments

3.5.1 STABEX

Samoa has received more than €26 million in STABEX transfers between 1975 and 2000 to help stabilise export earnings from copra, coconut oil and cocoa beans. Under the 7th and 8th EDF STABEX transfers, including interest up to December 2004, amounted to €7,217,493, whilst total commitments under agreed FMOs was €7,084,405. The difference between available funds and commitments is accrued interest on bank accounts from 2002 and 2005.

In September 2005 a Rider to FMOs 1991 & 1993, which rationalised activities and should result in the timely implementation of the programme, was agreed. The rider reallocates all balances of funds (which includes exchange rate gains) and also interest to a water sector project to supplement ongoing actions in the focal sector. Implementation of the work programme activities should commence in February 2006 and the programme should complete by mid-2007, thus ensuring a timely sunset.

The implementation protocol for utilising the remaining balance of funds under the 1994 Rider 1 is being finalised. The activities envisaged will be a direct continuation of those agreed in Rider 1 (signed 6/02/02) and will not involve commitment of additional new funds. However the protocol will identify activities to fully utilise all balances of funds under this FMO in a timely way.

3.5.2 Regional Cooperation

The regional allocation under the 9th 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 8th 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.

Samoa has benefited mostly from regional activities that have had project teams visit countries to provide information on the projects and identified the links to national priorities such as PRIDE and Reducing Island Vulnerability. Furthermore, Apia continues to be main office of the South Pacific Regional Environment Programme, SPREP.

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

3.5.3 European Investment Bank (EIB)

In 2005, the EIB approved a global loan of up to € 7m to the Development Bank of Samoa under the Pacific Islands Finance Facility. This is the sixth operation of EIB with this development bank, which has proven to be an efficient user of EIB resources during the last years, also thanks to a sound economic environment.

The EIB held frequent meetings during the year with the Samoan Manager of the Samoa Venture Capital Fund, a private equity fund for which EIB was one of the founding investors alongside IFC and ADB. The EIB is chairing the fund during the years 2005-2006.

4. PROGRAMMING PERSPECTIVES FOR THE FOLLOWING YEARS

4.1 Pipeline and absorption capacity

This chapter updates the future programming perspectives (until end 2007) for all activities financed by the Community. Updated chronogram and indicative timetable for commitments and disbursements until the end of 2007 are given in the Annex *EDF Forecasts 2006-2007: Samoa*.

Signature of the Financing Agreement (€ 19.09 million) for the Water Sector Support Programme (WaSSP) in September 2005 brought to a conclusion programming of funds in the focal sector. An Amendment No. 1 to the FA for the Technical Cooperation Facility (9 ACP WSO 3) to increase the budget by

€267,800 is in circuit for approval and commitment is anticipated for the first quarter 2006. This will allow for additional Technical Assistance to the NAO and for short-term technical assistance for programming the 10th EDF. All remaining NIP funds (around €1.5 million) will be the basis of a financing proposal to be submitted early in 2006 for a further two-year phase of the successful Micro-projects programme to commence in April 2007. This agreement would conclude programming for the 9th EDF with 100% commitment of all available funds. However, an additional € 400,000 could usefully be included in the micro-project intervention.

Samoa's 9th EDF NIP B-envelop resources are fully utilised and new B-envelop resources under the 10 EDF are unlikely to be available for at least 2 years. Samoa has benefited in previous years under the 9th EDF from FLEX entitlements and the economic climate suggests that the eligibility criteria may continue to be satisfied but without funds in the B-envelop these entitlements would not materialise. A top-up of the B-envelop could therefore serve to provide some security for unforeseen events and to meet potential FLEX entitlements.

Samoa is seeking to maintain its good performance ratings and to make rapid progress with preparations for the 10 EDF. The growing intensity of EDF activities requires continued technical support to the NAO office and to the 10 EDF preparations, including assessment and strengthening of systems in preparation for budget support, if appropriate. Increased technical capacity to support EPA negotiations is also being considered. A further top-up of the TCF would provide resources to realise this support.

4.2 Proposal for a revision of strategy

No change in focal sector is foreseen. All secondary commitments will be made before mid-2008 and implementation of the EDF support to the water sector should conclude in 2010.

4.3 Preparation for the next programming exercise 2008-2013

Programming perspectives for the 10th EDF: In October 2005 the European Commission represented by Mr A. Henriksson, Director DEV/C, proposed to the Pacific Forum Leaders to focus the EDF's future assistance in the Pacific on the sustainable management of natural resources, a sector of strategic importance to all PICs, where there is a general commonality of interests between the region and the European Union and where the EU has significant expertise. Sustainable development is also one of the four key pillars of the regional framework underpinning the Pacific Plan, which was approved by the Forum Leaders on the same occasion, in October 2005.

The European Commission and the Samoan Government jointly recognize that there may be important environmental issues which may become an essential part of the development agenda of the country. The reliable provision of water and sanitation,

sustainable management of solid waste, coastal protection, ecologically sustainable tourism, and renewable energy are expected to be the main focus of attention for the future partnership. Activities under the 10th EDF could take the form of a continued support to the water sector, which would be able to build on the foundations laid under previous EDFs and the emerging sector-wide approach. In case of a continued support to the water sector options for an implementation using budgetary support mechanisms would deserve exploration.

Taking advantage of the EPA negotiations and mainstreaming trade and regional integration within the cooperation programme are also being explored. Samoa will require assistance for the implementation of the EPA with the EU in early 2008 once negotiations are completed.

5. CONCLUSIONS

Samoa has a stable political environment in which the Government reform programme has remained largely on track. The economy grew 3.7% in 2004 and a slightly higher growth rate is expected in 2005. The latest Strategy for the Development of Samoa (SDS 2005-2007) was launched in March 2005 with a main focus on improving economic and social welfare at the community level and an emphasis on promoting private sector investment, which is considered vital to delivering a better quality of life to all Samoans.

The Government has demonstrated a strong commitment to social development and the general impression from economic and social indicators is of relatively good and improving quality of life. But living conditions for important parts of the population can be enhanced and this is reflected in the priority given to social cohesion, education, health and basic infrastructure.

Samoa is making significant progress towards the achievement of the Millennium Development Goals. It is expected to achieve most, if not all, of the targets by the year 2015. By prioritising investment in water under the 9th EDF, the Government aims not only to progress improvements in public health but also bring benefits across its entire development agenda. A Micro-projects programme focusing on village-based development makes funding available at a community-level and for the NSAs.

Samoa's NIP allocation under the 9EDF is fully committed and the "sunset clause" is not an issue. Samoa has achieved increasingly good performance ratings throughout recent years.

Samoa continues to play an active role in regional affairs and along with other Forum Island countries adopted the Pacific Islands forum meeting in October 2005. Samoa's WTO accession negotiations progressed steadily in 2005 and Samoa sees a need to integrate into the global economy by its current efforts in joining the multilateral trading system, regional integration through the PICTA and PACER as well as negotiating a possible EPA with the EU which should also contain a developmental aspect. Taking advantage of the EPA negotiations and mainstreaming trade and regional integration within the cooperation programme are being explored.

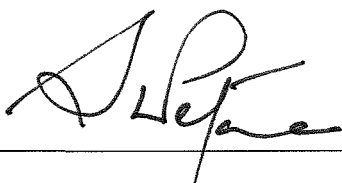
Programming perspectives for the 10th EDF recognise that there may be important environmental issues which may become an essential part of the development agenda for future partnerships and activities under the 10th EDF could take the form of a continued support to the water sector, thereby building on the foundations laid under previous EDFs and the emerging sector-wide approach, and budgetary support mechanisms deserve exploration.

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

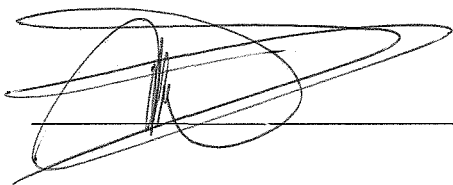
- Maintain the Country Strategy for Samoa as contained in the CSP and NIP, 2002-2007.
- Increase the funds available under the envelope A by € 300,000 for Technical Cooperation Fund within the limits of the available resources.

Signed:

For the National Authorising Officer:



For the Head of Delegation:



ANNEXES

- Annex - Financial donor matrix**
- Annex - Summary table of EC cooperation (CRIS-based)**
- Annex - Intervention framework for the focal sector (9 EDF)**
- Annex - Water sector indicators and targets**
- Annex - EDF forecasts 2005-2006 : Samoa**
- Annex - EDF forecasts 2005-2006 : Pacific Region**
- Annex - Donor matrix**
- Annex - Country environmental profile (CEP)**
- Annex - Environment indicators**
- Annex - Migration profile : Samoa**
- Annex - Regional Cooperation under the 9th EDF**

Water	Transport	Law & order Public sector reform	Women youth & children	Environment & tourism development	Communications	Sports development	Finance and trade
Institutional strengthening SWA (completed)	TA for privatisation of Polynesian Airlines	Institutional strengthening Police Public sector improvement facility Capacity building judiciary	Children's rights Small Grants scheme for communities	Regional advisory services on climate change		Provision of technical assistance for skills development programs	Financial advisor New Financial system for whole of government
		Justice & Courts administration ISP Law reform commission Public sector improvement facility Capacity building judiciary	Assistance to NGOs and support for SUNGO	Tourism development Community adaptations to climate change		Provision of technical assistance for skills development programs	Private sector support
Water sector policy support programme including: IWRM, WS&S infrastructure, institutional strengthening and public awareness Cyclone Heta rehabilitation			Microprojects	Microprojects			EPAs Trade agreements and related training
Community water projects	Technical assistance Ports development (completed)			Waste management Tafaigata landfill	Technical assistance	Technical assistance	
					Satellite communications and TV link	Aquatic centre Rehabilitation Apia Park	FDI
Water testing			Adolescent reproductive health	Environmental health			
		Good governance and human rights	Integrated youth project Human rights activities	Biodiversity, conservation, climate change implementation of conventions	ICT for development		Structural adjustment facility
	Roads and bridges construction			Marine protected areas Institutional strengthening MNRE & coastal management Emergency recovery program	Telecommunications development and postal sector reform		Technical assistance
Sanitation and drainage project for Apia area			Microcredit for small business development				Training

INTERVENTION FRAMEWORK FOR THE WATER SECTOR (9 EDF)

	Performance indicators	Sources of verification	Assumptions
Long-term national sector targets Public health improvement via water supply and sewerage operations	Number of water-borne diseases reduced by 70% in next five years	Reports and statistics of Ministry of Health and hospitals	Health improvement remains a priority for Government policy
Intervention objectives 1. Access to clean water in town and rural areas 2. Appropriate sanitation practices in place in rural areas ¹ 3. Self-sustainable Samoa Water Authority (SWA)	1. Population served by potable water supply increased from 67,000 ² in 2003 to 155,000 in 2010 ³ 2. Sanitation needs in rural areas improved and appropriate practices designed and supported. 3. GoS subsidies to SWA decreased annually	1. SWA statistics 2. Project completion reports, SWA reports 3. Budget accounts, SWA annual reports	- Metering system successful and appropriate tariffs set - Customers willingness to pay
Results	1. Coherent water resources management strategy 2. Water supply projects completed 3. Support to SWA in place and operational 4. Appropriate sanitation practices in place.	1. Strategy adopted by Cabinet and published 2. Project completion report 3. TA reports, SWA accounts, evaluations	
Accompanying measures of Government of Samoa	1. Continue public sector reform 2. Streamline water sector organisation 3. Adopt National Water Policy Paper 4. Involve all relevant stakeholders & NSA 5. Assess impact on environment		Other donors continue to support Government of Samoa in its reform process

¹ Sanitation component anticipated in the previous JAR and CSP was for an EU/ABD co-funded of Apia sewerage system (no longer an option) and emphasis has now moved toward a rural sanitation focus.

² Previous figure of 91,000 revised to take account of actual/estimated situation at end-2003, including those currently served by the RWS project.

³ Target date shifted from 2008 to 2010 to reflect current programming perspectives and population coverage increased from 120,000 to 130,000 due to greater geographical spread of interventions.

CHRONOGRAM OF ACTIVITIES (EAMR-based)

**INDICATIVE TIMETABLE FOR COMMITMENTS & DISBURSEMENTS
(EAMR-based)**

FINANCIAL SITUATION FOR 9th EDF (EAMR-based)

FINANCIAL SITUATION FOR 8th EDF (EAMR-based)

FINANCIAL SITUATION FOR 7th EDF (EAMR-based)

FINANCIAL SITUATION FOR 6th EDF (EAMR-based)

WATER SECTOR UPDATE (JAR 2005)

1. INTRODUCTION

The Government has prioritised investment in water as a means to improve public health as well as to have an impact across its entire development agenda. Improved water resources management and access to water supply and sanitation are intrinsically interconnected with achievement of each of the eight MDGs, with those who are most vulnerable often benefiting the most.

The water sector in Samoa is at a critical stage of development - as it moves away from a *business as usual* toward a *sector-wide* approach. Commitment to common action based on a unified sector-wide approach has gained general endorsement. The challenge for Government, and indeed all stakeholders, is to consolidate the gains already made in the sector and to use these as a basis to move forward. The foundations for change have largely grown out of EC support to the water sector stretching back to the 6th, 7th and 8th EDF, with the EC as a key partner in policy dialogue throughout this period. Activities under the 9EDF consolidate these earlier building blocks and are providing significant sector policy support in the form of a Water Sector Support Programme (WaSSP).

A sector-wide approach embracing all aspects of water resource management and use is relatively new. Catalysing change and setting development within an integrated framework and promoting IWRM principles and practice will not be achieved immediately. Rather, it is a gradual process of change which will mature over the coming years.

2. CONSOLIDATING THE SECTOR-WIDE APPROACH

The Government has continued to develop and strengthen its water sector policy and strategy and to bring together all aspects of water management and use within a mutually reinforcing plan of action. Means to strengthen sector planning and coordination have centred on the *Water for Life* process and the development of a *Water for Life: Sector Plan and Framework for Action*. This document provides a foundation on which to build and periodic update and revision are anticipated under the WaSSP programme activities, including the strengthening of a medium-term expenditure framework (MTEF) to guide future investment in the sector.

The *Water for Life* initiative should not however be viewed in isolation but rather as a continuing process - with the process itself seen as a central element in stimulating the successful development of a successful sector-wide approach. This process has included a review and update of the National Water Resources Policy and development of a complementary National Water Services Policy which has been approved by the Cabinet Development Committee (CDC) but is awaiting final endorsement by Cabinet. The *Water for Life* process as also led to the formalisation of a Water Sector Steering Committee (WSSC) to guide sector policy and programme implementation. The WSSC has a core representation from key Government ministries (Health, Finance, Women, Community and Social Development, and

Works, transport and Infrastructure), the major water users and utilities (SWA and Electric Power Corporation), and the NGO/NSA sector (SUNGO), with invited observers including the EC. Means to strengthen the management and coordination of day-to-day operational activities is also being established via a new Water Sector Programme Management Unit (WS-PMU) within the Ministry of Finance.

Donor coordination is essential under the sector-wide approach and both formal and informal meetings to discuss progress with projects/programmes, to identify means to improve and strengthen co-ordination, and to explore options for future donor financing have been encouraged over the past year. Key partners in the discussions have included the ADB, AusAid, NZAid, JICA, UN and others. Close coordination with key regional organisations (eg SPREP and SOPAC) has also been maintained. It is anticipated that a more formal process will be established during 2006.

Continuing institutional reform has led to the Meteorological Office (formerly under the Ministry of Agriculture, Forestry and Fisheries) to be placed under the Ministry of Natural Resources and Environment and Meteorology (MNREM). The move has strengthened MNREM's capacity for water resources assessment and integration of activities with those planned under the new Water Resource (WRU) will provide a stronger basis for water resource management strategy formulation and implementation.

Devolving powers to line ministries and corporations, empowering community involvement, and providing private sector opportunities are key elements of sector policy implementation. Implementation modalities, for example under the RWS-CP and WaSSP, are designed to ensure organizational roles and responsibilities are mainstreamed in existing structures and that implementation strengthens local ownership. The RWS-CP has seen the SWA take a lead role in project management and supervision with infrastructure design, works construction and community awareness and consultation tasks outsourced to the local private sector. This approach has successfully served to increase ownership by the SWA, to strengthen local consultant and contractor experience, and to ensure communities are actively engaged and committed to the project deliverables.

Capacity building and institutional development are essential to the success of a sector-wide approach. Skill shortages in some areas and high staff turnover in Government ministries and the SWA remain areas of concerns despite the introduction of new management procedures, more transparent human resource processes, and greater emphasis on training and staff development. A focus toward institutional development that can internalise training and skills development is required. Technical assistance under the WaSSP programme is primarily focussed toward strengthening skills and capacity within the implementing agencies. Innovative approaches to ensure institutional strengthening, rather than simple training of individuals, is being encouraged with potential links to the technical colleges and the new Samoa Qualifications Authority (SQA).

Incorporation of cross-cutting themes is implicit in the sector programme. As noted above, institutional strengthening and capacity building are core components of the programme and will be used to strengthen effective implementation, within key agencies in the Government and elsewhere. Gender issues and concerns have been

mainstreamed through consultation with key stakeholder groups including representation from Women in Business, Ministry of Women Affairs, Social and Community Development (MWSCD) and Village Women's Committees who are all active and well represented at the village and community level. Inclusion of the MWSCD on the WSSC will also ensure gender is represented at this higher-level of decision-making. Environmental concerns are at the centre of water policy objectives and the sector programme will build on these principles in supporting measures to protect the integrity and function of the natural ecosystems as an essential prerequisite to fulfilling broader sustainable development goals. The WaSSP includes measures to improve land and water management, to make investments in improved sanitation, and to support wastewater disposal and management. The Ministry of Natural Resources, Environment & Meteorology (MNREM) is a key partner in programme implementation and the establishment of a dedicated Water Resources Unit within the MNREM will help to ensure environmental concerns are mainstreamed in all activities.

3. SECTOR FINANCING & KEY PROJECTS AND PROGRAMMES

Over \$110 million tala (€34 million euro) is to be invested in the water sector over the next 5 years or so. Key projects and programmes include the on-going Rural Water Supply Consolidation Project (RWS-CP / EC), the newly approved Water Sector Support Programme (WaSSP / EC) and the imminent Sanitation and Drainage Project (SDP / ADB). Other contributions at a regional-level include the International Waters Programme (IWP/GEF), Island Vulnerability Programme (IVP/EC), Pacific Water Quality Programme (AusAid/WHO), and the Pacific Hydrological Cycle Observation system (HYCOS/EUWI).

Table: Summary of Sector Financing (2005-2010)

	Euro (M€)	Tala (\$million)
Govt.		
CSO contributions to SWA (est. \$2.3million/yr ¹)	3.382	11.500
Rural Water Supply Consolidation Project	0.210	0.700
Water Sector Support Programme ²	0.828	2.850
Apia Sanitation and Drainage Project	1.794	6.100
EC		
Rural Water Supply Consolidation Project	1.700	5.780
Water Sector Support Programme (WaSSP)	19.090	64.910
ADB		
Apia Sanitation and Drainage Project	7.176	24.400
Total	34.180	116.240

Source: *Water for Life: Sector Plan and Framework for Action (2005)*

¹Based on 2004/05 budget allocation

²Estimate for land acquisition/compensation only - does not include contributions related to staff inputs, etc.

Ensuring integration among these varied yet mutually reinforcing projects and programmes is an essential component of the sector-wide approach, and one in which the new WSSC can play a leading role.

4. WATER SECTOR TARGETS & RESULTS

The *Water for Life* process has led to the development of an initial framework of sector indicators and targets for performance monitoring. Encapsulating input, output, outcome and impact indicators the initial framework is presented in the table below.

Indicator forecasts and targets based on information available in early-2005 are given in brackets with actual figures reported above. It may appear initially that progress is rather slow on a number of the indicators. However, it must be noted that the major sources of sector support (WaSSP/EC and Sanitation and Drainage Project/ADB) will not become fully operational until 2006.

Samoa has also suffered in the past from a lack of reliable data and many previously quoted figures from international sources and elsewhere were misleading. As an example, the 2001 Census for household sources of water supply presents only a partial, and often misquoted picture, of water supply provision in Samoa. The 2001 Census indicates that 91% of the population have access to *piped water supply* but this should not be confused with access to *safe potable water*. Many piped supplies are intermittent, deliver untreated water, and can be easily polluted at source or otherwise. Some of those connected to treated water supplies may also be at risk as 15% of samples from these systems have been known to fail quality tests either through ineffective treatment or intermediate contamination.

Similarly, the 2001 Census figures on access to sanitation do not present a detailed picture of sanitary status as they do not reflect whether facilities are threats to public health or the environment. For example, although 60% of properties have access to "flush" toilets a high proportion are not connected to a continuous piped water supply. Surveys have also found that although there may in theory be access to sanitation facilities in schools and hospitals, in practice the number of toilets and hand-washing facilities are often inadequate and could pose health hazards.

On-going activities such as the RWS-CP have made significant contributions in collating and ground-truthing data sources, and the results presented in the Sector Indicator table for 2005 are generally more accurate than in previous reports.

It is known that additions and/or improvements to the definition of the indicators could enhance their applicability as a comprehensive sector monitoring tool. These enhancements will be undertaken as part of the on-going support under the WaSSP programme, see also Section 5.

Water Sector Indicators

Update for 2005 - actual vs target

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
A - input indicators:										
GoS budget allocation for SWA (\$ million tala) [1]	6.1 -	4.9 -	3.2 -	3.5 -	2.3 (2.3)	5.3 (2.3)	- (2.3)	- (2.3)	- (2.3)	- (2.3)
Donors annual financial contribution to SWA (\$ million tala) [2]	20.0 -	20.0 -	15.0 -	1.4 (1.0)	5.3 (15.1)	- (31.7)	- (21.2)	- (12.6)	- (9.0)	- (4.0)
SWA revenue expected from water sales (\$ million tala) [3]	3.4 -	4.2 -	4.6 -	6.3 (4.8)	6.5 (5.0)	- (5.1)	- (5.4)	- (5.7)	- (6.5)	- (7.0)
B - output indicators										
New water supply infrastructure in place (km of active mains supply pipe) [4]	- -	150 -	300 -	340 -	350 (380)	- (420)	- (430)	- (450)	- (460)	- (470)
Metered connections (No.) [5]	5500 -	6000 -	6200 -	6400 (9600)	9000 (12000)	- (15700)	- (18900)	- (20500)	- (20800)	- (21000)
Revenue collected as % of revenue expected (5) [6]	64% -	81% -	84% (71%)	69% (75)	88% (80)	- (82)	- (85)	- (87)	- (89)	- (90)
Unaccounted for water (%) [7]	- -	- -	- (60%)	- (60%)	>60% (55%)	- (45%)	- (35%)	- (30%)	- (25%)	- (25%)
Reduced per capita water demand (l/c/d) [8]	- (800)	- (400)	- (380)	- (350)	364 (300)	- (280)	- (260)	- (240)	- (230)	- (220)
Urban collection and treatment of wastewater (m3/day) [9]	- -	- -	- -	- -	- -	- -	- (1400)	- (1400)	- (1400)	- (1900)
No.rural schools and hospitals meeting sanitation and hygiene standards [10]	- -	- -	- -	- -	- -	- (65)	- (140)	- (215)	- (215)	- (215)
Percentage of schools benefiting from new education and awareness activities [11]	- -	- -	- -	- -	- -	- (25)	- (75)	- (100)	- (100)	- (100)
Catchments with effective monitoring, management and assessment (no.) [12]	- -	- -	0 (2)	0 (2)	0 (2)	- (8)	- (16)	- (16)	- (16)	- (16)
C - outcome indicators										
Access to safe and reliable supply of potable water (% of population) [13]	27% -	27% -	37% -	41% (41%)	47% (50%)	- (66%)	- (79%)	- (86%)	- (88%)	- (88%)
Collection and treatment of municipal wastewater (%) [14]	- -	- -	- (<45%)	- (45%)	- (45%)	- (45%)	- (60%)	- (60%)	- (60%)	- (80%)
Ratio of SWA receipts to operating costs (%) [15]	- -	28% -	35% -	65% (60%)	61% (63%)	- (67%)	- (73%)	- (81%)	- (90%)	- (100%)
Total water supplies (ie SWA and other) meeting quality standards (%) [16]	- -	- -	- -	- (35%)	- (43%)	- (60%)	- (71%)	- (78%)	- (79%)	- (84%)
D - impact indicators										
Number of (selected) water borne diseases reported (% of 2000 numbers) [17]	- (100)	- -	- -	- -	- (80)	- (65)	- (50)	- (40)	- (35)	- (30)

Source(s):

Water for Life: Sector Plan and Framework for Action (2005), SWA Statistics; SWA Budget/accounts/audit report; SWA Annual Reports; Health Department Statistics (notifiable disease reports).

Notes:

- top figure represents actual
- bottom figure represents target (given in brackets)
- target figures extracted from the *Water for Life: Sector Plan and Framework for Action* (2005)
- dates referred to financial year end (ie 2004 => financial year 2003/04)
- data not available or uncertain
- 1 target figures from 2005 onwards based on 2004/05 CSO allocation
- 2 includes EC (RWS-CP and WaSSP) and ADB (Apia Drainage and Sanitation Phase 1 only)
- 3 refers to invoiced water sales
- 4 mains supply pipe only (ie not including small tertiary and household connection pipes)
- 5 pre-2005 figures exclude Savaii customers
- 6 based on water sales income / water sales invoiced
- 7 actuals based on RWS-CP target area only
- 8 actuals based on RWS-CP target area only
- 9 central reticulated collection (assumes Phase II of Apia Drainage and Sanitation implemented)
- 10 assessment to be undertaken as part of the WaSSP programme
- 11 integrated as part of the school curricula at primary and secondary level
- 12 requires all 3 criteria to be considered as a sustainable measure
- 13 access to safe potable water supply considered only
- 14 centralised systems (non-private) only
- 15 based on water receipts (rather than invoiced water sales) and excludes CSO and depreciation costs
- 16 criteria based on the Draft Samoa Water Quality Standards
- 17 gastroenteritis, unclassified diarrhoea, infantile diarrhoea, typhoid/paratyphoid
- CSO Community Service Obligations - cost of these are uncommercial activities which SWA is required by government to undertake in the interests of the Samoan community and a commercial oriented business would not normally undertake these activities

A short discussion on the indicator targets and results is given below:

Input indicators

- *Budget allocations* – SWA's total budget allocation received for 2002/03 was \$3.2 million tala and an additional \$5.0 million tala was allocated for settlement of the RWSP claim. In 2003/04, total of \$3.5 million tala included a supplementary budget of \$1.5 million tala following damage caused by cyclone Heta. In 2004/05, initial budget allocation (ie CSO allocation) was \$2.3 million tala. In 2005/06, initial budget allocation was \$2.5 million tala however a supplementary budget allocation of \$2.8 million tala was introduced primarily to pay-off arrears to the EPC (power costs). In future years, this indicator should be extended to cover all government funding to the water sector thereby presenting a more complete sector overview (not SWA budgets alone).
- *Donor contributions* – figures relate to EDF and ADB financing only. A slightly later than anticipated start to the WaSSP programme and difficulties in achieving a start-up of the ADB Sanitation and Drainage project (now anticipated to start in 2006) account for the disparities between actual and target figures in 2004/05. A more complete picture of donor financing encapsulating other inputs, including regional projects and programmes, will be presented next year following the development of a comprehensive MTEF.
- *SWA water sales (invoiced)* – invoiced water sales increased markedly between 2003 and 2004 due to the introduction of a new water tariff structure for domestic customers. It has been estimated that further modest tariff increases could be introduced without over-stretching ability to pay, as current water costs remain at about 2% of household, even for the poorer sections of the community, whereas 5% is a generally accepted international norm. Since 2004, there has been a modest upward trend due to an expanding customer base.

Output indicators

- *New water supply infrastructure* – new sub-mains and household connections implemented under the RWS-CP have been responsible for an additional 27km of new pipework and a further 33km to be installed during 2006. New water supply infrastructure will continue to expand under the WaSSP, from 2006 onwards.
- *Metered customers* – the RWS-CP is concentrating on metering all customers in the target areas but is slightly behind schedule, with only 4535 of the 6100 customers metered. The total number of customers in the RWS-CP area is anticipated to reach the target of 7,100 by end-2006, with all these connected via meters. At a national-level, the SWA has established a policy of universal metering and developments under the WaSSP programme will see further increases in metered connections in the rural areas from 2006 onwards.
- *Revenue collection* – during 2004, a combination of cyclone Heta and a very dry rainfall year led to periods with inadequate service-levels in many areas and an increased reluctance to pay for these poor services. Revenue recovery rates recovered during 2005, increasing from 69% to 88%. In the Apia urban area recoveries from domestic and commercial customers alike is generally high and this has a significant weighting factor the overall recovery rates.

Outside the urban areas, willingness to pay much is certainly lower but is steadily increasing, with the greatest change seen in areas that have seen significant improvement in their levels of service (eg RWS-CP areas). This is also underpinned by active use of media awareness campaigns and firm policies on disconnection for non-payment. Revenue collection rates are predicted to continue to rise as the WaSSP programme brings further improved services. The introduction of new and easier methods for payment also being considered.

- *Unaccounted for water* - percentage unaccounted water has been introduced as a proxy measure for system efficiency with SWA setting intermediate targets of 35% by 2007 and 25% by 2010, although this will be reassessed as further information becomes available on the economic viability for different levels of UFW. Assessments under the RWS-CP have indicated UFW could be over 80% in some town areas fed by the Old Fuluasou WTP and works have been commissioned to replace selected old and leaky mains pipes as a result of the investigations. In the RWS-CP area itself, fed from the New Fuluasou WTP, UFW could be around 60% in some areas but definitive figures are difficult to establish at present as there still remain a large number of customers without meters. Completion of the RWS-CP metering programme will allow more definitive estimates of UFW to be made, and of course the RWS-CP itself is having a marked impact on UFW through the replacement and upgrade of old and leaky sub-mains.
- *Per capita water demand* – in the past Samoa has had one of the highest per capita consumption rates in the world. The RWS-CP has seen some reduction in per capita consumption and this is attributed to a combination of water metering and public awareness. Average consumption of metered customers in the RWS-CP areas is estimated to be ~360 l/c/d, with further reductions anticipated as customer behaviour continues to change and adapt to the concept of metered supply. Unmetered areas still display high levels of water wastage but completion of the metering programme under the RWS-CP in 2006 should address this issue.
- *Urban collection and treatment of municipal wastewater* - measures to achieve this targets are primarily linked with the implementation of the Sanitation and Drainage Project (ADB). A delayed start to the project means impacts are unlikely to be realised until 2008.
- *Schools and rural hospitals meeting sanitation and hygiene standards* - measures to achieve these targets are primarily linked with the implementation of the WaSSP (Component 5) and measurable outputs are not expected until 2007.
- *New education and awareness activities* – the RWS-CP has had a concerted set of activities aimed at community education and awareness, covering both water supply and sanitation. Implementation of the WaSSP programme will see this expanded to a nation-level and link it to water quality assessments and water safety planning, from 2006 onwards.
- *Catchment management* – currently two pilot community-based catchment management projects are being financed by the UNDP/GEF (Apolima and Lepa). However, inadequate baseline data collection and monitoring mean true impacts can not be verified at this stage. It is planned to adapt and expand community approaches to other important and sensitive water source

catchments under the WaSSP but these must be accompanied by adequate assessment and monitoring measures.

Outcome indicators

- *Access to water supply* – the Rural Water Supply Consolidation Project (RWS-CP) increased access to safe potable drinking water by 6%, with national figures rising from 41% to 47% of the population. Planned works in 2006 under the RWS-CP will see this increase a further 8% and it is the Government intention that interventions under the new Water Sector Support Programme (WaSSP) will enable over 85% of the population to have access to safe potable drinking water by 2010.
- *Collection and treatment Municipal wastewater* – the start of the Sanitation and Drainage Project (ADB-loan) has been delayed until early-2006. Impacts will not therefore be evident until 2008 at the earliest.
- *SWA cost recovery* – the ratio of SWA receipts to operating costs is anticipated to reach 100% by 2010 but this will be reliant on SWA introducing appropriate pricing policies and tariffs and a growth in willingness to pay. Water sales receipts have increased from \$3.4 million tala in 2000/01 to 8.3 million tala in 2004/05. Water sale receipts and bad debt recovery continue to increase. However, operating costs have also increased in recent years from \$12.1 million tala in 2000/01 to \$13.6 million tala in 2004/05. Increasing efficiencies and reducing operating costs is therefore essential and are being address, for example, through RWS-CP through the decommissioning of old boreholes, thereby reducing high electricity costs. The WaSPP will continue these trends by improving services in other rural areas, increasing willingness to pay, and by maximising the use of surface water resources where feasible.
- *Water supply quality* – only one third of SWA customers currently receive treated water and it was estimated in 2004 that some 15% of samples from these treated supplies fail quality tests either through ineffective treatment or intermediate contamination. None of the villages served by the 22 independent village managed schemes receive treated water supplies. The potential for delivering treated metered water has been significantly increased by the RWS-CP and new infrastructure under the WaSSP will continue this trend. The WaSSP will also enhance water quality monitoring programmes undertaken by the Environmental Health Office and the SWA, to help ensure the SWA management promote water treatment as a high priority in their operations.

Impact indicators

- *Water borne diseases* – impact indicators have been restricted to impacts on public health to reflect the key MDG water-related goal. However, it must be emphasised that water supply and sanitation improvements are in fact interconnected with all eight MDGs and that the social and economic benefits extend well beyond direct public health benefits alone. Dissaggregation of data on water-related health impacts is currently not readily available but WaSSP activities targeting capacity building within the Ministry of Health will address these short-comings.

5. STRENGTHENING SECTOR PERFORMANCE ASSESSMENT

Building on the preparation of the *Water for Life* document, a process to enhance sector indicators and targets has been initiated following a *Water for Life: Special Session on Performance Monitoring*. The outcomes of the meeting identified a number of areas for action and these are being encapsulated in the WaSSP programme activities. Technical assistance under the WaSSP programme (starting in march 2006) will assist in these activities. In particular, the Senior Programme Management Advisor will guide the development of updated indicators at a sector-level and key experts attached to MOH, MNREM and SWA under the Programme Implementation Assistance services will guide development at the sub-sector-level. Links to national-level activities under the MDG Task Force will also be strengthened.

Strengthening performance assessment systems is considering not only what can be done in the short-term but also how the quality of indicators can be improved over time to reflect more completely impacts on water sector efficiency, impact and sustainability. Complementary measures to support improvements in statistical and measurement systems will also be important. This process has already started under the RWS-CP where systematic data collection and reporting has been improved and a Project Performance Monitoring System developed. Data is collated from three independent information systems (Operations, Customer Services and Finance) and integrated to report on project progress against the performance targets and indicators. These include population served, no. metered customers, water production, household consumption, estimated UFW, energy consumption (from boreholes and pumps), and invoice collection rates. The SWA are interested to extend such reporting to a national-level as part of the Corporate Planning and Reporting responsibilities.

Performance monitoring at the highest-level is based on internationally agreed indicators for reductions in poverty and hardship. The national MDG Task Force is equipped to report on these and will draw on various economic statistics, social surveys, and hardship assessments. The link between public health improvement and water service provision will draw on information from hospital admission databases and Environmental Health Office (EHO) records on water selected borne diseases. Present records on the number and location of incidences will be improved through EHO investigations to determine those linked directly to drinking water quality or poor sanitation. Technical assistance under the WaSSP programme will assist the EHO/MOH with these improvements. Improvements in water quality monitoring will link to regional initiatives by WHO/AusAid and include the development and implementation of Water Safety Plans.

The formation of a Water Sector Programme Management Unit within the MoF provides the focal point sector-level monitoring as well as for financial and technical monitoring for the WaSSP programme. Performance in terms of physical execution and financial expenditure will be reviewed annually with quarterly reports used to monitor interim progress. The unit will be supported by the main implementing agencies (MOH, MNREM and SWA) with technical assistance used to strengthen these functions. Routine programme implementation reports will provide regular information on activities and outputs. Annual reporting and progress will be augmented with audit reports and annual expenditure tracking in order to contribute to operational transparency.

6. DISCUSSION & CONCLUSIONS

The water sector in Samoa is embracing the new sector-wide approach and progress during the past 12 months has laid the build blocks for a successful sector-wide approach. Refinements and enhancements will continue as part of the overall *Water for Life* process with particular attention required to update the *Water for Life: Sector Plan and Framework for Action*, to complete a comprehensive MTEF and to enhance sector performance indicators and monitoring. These were anticipated in the preparation of the WaSSP programme and significant progress can be expected during 2006.

The impacts of the sector-wide are beginning to produce tangible benefits with progress on the MDG water-related targets and national development goals. The *Water for Life: Sector Plan and Framework for Action* has effectively serves to achieve the intermediate international goal of developing national IWRM plans by 2005.

It is essential that momentum in the water sector is maintained by the Government and technical assistance support under the WaSSP programme will help to ensure the capacity to achieve this is available at the sector and sub-sector levels. Coordinating the various projects and programmes to ensure added-value is essential and the role of the new WSSC will be central to achieving this at a national-level. It will also require close coordination and integration of activities at the operational level. This will be a challenge for the SWA, MNREM, MOH and others, and the outcomes during the next 12-months or so will indicate how effectively this challenge has been met.

EPA QUESTIONNAIRE

1) Give your assessment of the level of preparation of each ACP country in order to take part in trade and EPA negotiations:⁴

a) Technical capacity of ministries concerned,

The Trade Division (7 personnel) of the Ministry of Foreign Affairs and Trade deal directly with Samoa's (and the region's) EPA negotiations. Participation in regional meetings has been limited to perhaps two or three officials due to limited funding available. Therefore, the technical capacity with regards to EPA negotiations is limited to these officials. However, the division conducts briefing sessions and encourages all officers to update themselves on the progress of the negotiations.

Several national EPA workshops have been conducted thus far with active participation from the private sector, civil society and other line ministries. These workshops aim at enhancing awareness on the development of negotiations as well as forming / discussing Samoa's national positions on various sectors and interests on the negotiations agenda.

Generally, the technical capacity exists but to a limited extent. There is still a great need for further dialogue and consultations between ministries as well as the private sector and NGOs.

b) Existence of national strategies concerning trade and regional integration,

The Strategy for the Development of Samoa 2005 – 2007 does not specifically mention EPA negotiations but it makes reference to the importance of the Samoan business community being made fully aware of the implications of the new trading environment and its benefits in light of Samoa's involvement in trade agreements. Samoa values the importance of the development dimension of the EPA and the need to accommodate all its development goals and priorities.

The promotion of investment in Samoa is a national priority and is reflected through Government's commitment in improving the investment climate through various structural reforms. Investment is a sector of interest and is something Samoa would like to be included in the EPA negotiations.

Government's commitments in reviewing its tax and tariff regime and enhancing market access for Samoan-made products are in line with Samoa's current WTO accession and future obligations as well as the implementation of PICTA.

⁴ The questions are based on the questionnaire sent by DO DEV to delegations on 15 April 2005. Therefore the report may be based on an update of the replies given at that time.

c) Open dialogue with relevant stakeholders from the private sector and civil society,

Government has also made it a priority to have a closer cooperation and dialogue between the private sector, civil society and the relevant government ministries through workshops and other means to clearly identify areas of concern by the private sector and design appropriate strategies to address them.

One national EPA consultation workshop was conducted in (April) 2005 in collaboration with the Pacific Islands Forum Secretariat (PIFS). It was well attended by the government and non-government representatives. The workshop was able to update the participants on the development of EPA negotiations as well as discussion of Samoa's position on sectors of key interests.

On tourism, the Samoa Hotels Association has been invited to actively participate and provide feedback on how they would like the tourism sector benefit from a possible arrangement with the EU.

Representatives of the private sector and civil society are also members of Samoa's National WTO Working Committee. Industry consultations are also being conducted regarding Samoa's service commitments under the GATS.

d) Establishment and functioning of a national EPA negotiations committee.

A National WTO Working committee exists and consists of representatives from all the key ministries, private sector and civil society groups. The functions of this Committee have since extended to included discussions of trade policy issues pertaining to EPA, PICTA, PACER and other trade-related matters.

2) Give your assessment of the level of implication of each government in regional integration and in taking part in its regions EPA;

The Pacific region itself although small has diverse needs and priorities amongst the island countries. Sectors which may be of priority to one country may not be the case with another country. Therefore, it is important that when EPAs are negotiated at this regional level, national priorities and developmental goals of each PACP is reflected in these negotiations and the resulting arrangements.

Samoa understands that the PIFS's role in coordinating the regional negotiations for EPAs is also hindered by not obtaining promised funds for the timely and effective implementation of the activities as outlined in the PACP internal roadmap for the Phase II of EPA negotiations. Samoa, amongst other PACPs, had raised concerns regarding planned activities which have not eventuated. Confirmation of approved funds of Euro\$750,000 from PMU in May 2005 had still not been disbursed to PIFS as of September 2005.

a) To what extent the Government position reflects stakeholder opinion and interests in a long term development perspective.

Government's position in the region's negotiations reflects the points and issues raised by the business community and sectors concerned as well as taking into account Samoa's economic situation and future obligations. The Government will continue to seek the views of the stakeholders as negotiations progress.

b) How does each country view the negotiating process and does it have confidence in the role played by the relevant regional organisation(s) in these negotiations?

Recently, negotiations have been done informally through non-papers and consultations through which the EU has explicitly stated their views. What is important is that Samoa negotiates on terms and conditions that would favour development through increased exports, potential movement of labour, fisheries (development of infrastructure) and the attraction of foreign investment amongst other things.

The PIFS have been informative in updating on the ACP wide process thus far as well as the coordination of the regional approach. However, in order for the key stakeholders to have ownership of these negotiations, there is still a need for the greater involvement of government officials, private sector and civil society representative alike.

c) Report any technical or political obstacles that might prevent a better implication of each government in regional integration and the EPA process.

Samoa is largely politically stable. The results of the elections in early 2006 should not have a major impact on progressing the current negotiations.

As an LDC, an option is available to Samoan exports to the EU under the Everything But Arms (EBA) initiative. However, this unilateral preferential regime may not be available in the future as well as Samoa's possible graduation from its LDC status.

Should all key stakeholders (and perhaps the general public) be made fully aware and understand the impacts and benefits of not only EPA but other trading arrangements, then there should be no problem in its implementation. It is important that Samoa gain from an EPA an arrangement that would enhance development (through trade, infrastructure, economic development, etc)

3) If your country has not asked for an impact study on the effects of an EP A, does it wish to do so now?

Yes, a detailed study for Samoa.

a) If it has benefited from one or more impact studies and / or national seminars, can you try to ascertain from the government if these have delivered the information and recommendations expected and have they

been useful in identifying relevant opportunities and problems that could influence a country's position vis-a-vis the EPA, as well as what economic integration initiatives or reforms would be necessary to support and/or optimise the results of the EPA process;

Those who benefit from national workshops are only the participants which account for a very small and insignificant portion of all stakeholders. They would be updated on the negotiations process and the efforts of the region. However, what is more important is having a detailed discussion with key stakeholders of the benefits to be gained from an EPA and how these benefits can be maximized given the economic situation. And that for each sector of interest, a detailed analysis of benefits and implications of an EPA. The biggest challenge would probably be the delayed (or none) feedback from the major stakeholders. But this delay could be caused by the lack of understanding of the issues at hand and the lack of resources for the Trade Division to carry out follow up consultations.

b) Have the studies / seminars proposed concrete actions / support measures and what is the country's (government, private sector) position vis-a-vis those support propositions;

The national position would be derived from sector specific proposals and their positions. This is where the key stakeholders come in. The biggest challenge would probably be the delayed (or none) feedback from the major stakeholders. But this delay could be caused by the lack of understanding of the issues at hand and the lack of resources for the Trade Division to carry out follow up consultations.

Through the workshop, sectors of importance to the Samoan economy were identified mainly investment, fisheries, agriculture, tourism, trade in services, etc.

c) Report the current support to the countries EPA preparation efforts, including other donor's cooperation.

The only support at the moment has been through the regional efforts (PIFS).

4) Identify any bottlenecks or serious blockages in our ongoing programmes.

- Accessibility to funding. We would like to increase the awareness of the Samoan public on EPA issues as well as all other trade agreements that Samoa is involved in;

5) Indicate as a consequence what additional regional integration, trade and trade-related assistance needs to be undertaken or programmed in each country's NIP or the RIP, taking into account the capacity of absorption and implementation of the proposed implementing partners;

- Updated information on the developments of EPA negotiations in other regions;
- Increased number of national awareness programmes;
- Detailed study on Samoa of the costs and benefits of an EPA;
- Further increase the technical capacity on EPA negotiations in particular;

COUNTRY ENVIRONMENTAL PROFILE (CEP)

1. Background

The total population from the 2001 Census of Population and Housing is 176,848 with natural increase in the order of 1% per annum; however with significant out migration, net population growth is estimated at 0.5%. The most significant feature of the population structure is the high proportion of those under 15 years which stands at 41 %. The main issues of concern if the national population is allowed to grow at the current rates are limited land resources, depleting natural resources and strain on the existing economic and social infrastructure.

The threat of environmental degradation has led to the realization that a sustainable future requires an effective approach to resource management. This approach is reflected in a number of projects and programmes implemented by MNREM in partnership with donor agencies, other government ministries, NGOs and local communities. Thus, national efforts to reduce the risks of climate change, conserving and sustainable using natural resources and biological diversity, effective management of wastes, controlling pollution, protecting international waters, sound economic management and governance reforms are some of the key areas Samoa has pursued to create the enabling environment for poverty reduction and the improvement of the quality of life for all.

2. Growing awareness of environmental issues

During the last decade or so there has been growing public disquiet over the deterioration in the quality of Samoa's environment and the depletion of its natural resources as the country faces the challenge of economic growth and sustainable development. Such concerns were largely driven by a number of factors such as high population growth, deforestation, land degradation, decline in water resources, pollution due to land-based activities, climate change and natural disasters.

Samoa's natural resource base while fragile and limited is of immense importance to its people. It provides social and economic security and supports cultural identity. The Samoan people hold their environment in high regard with a strong historical belief that the environment is the foundation of their prosperity, governed by the Samoan concept of *va tapuia* (the sacred relationship between people and all things). Thus in recent years a number of initiatives have been implemented by the government in support of effective environmental management, resulting in significant changes in the structures and systems introduced for sustainable development.

The changes are evident in a higher degree of people's understanding of environmental issues and support for associated activities. The main objective of institutional change has been the transformation of the former Department of Lands and Surveys to the new Ministry of Natural Resources, Environment and Meteorology. This has led to the strengthening of the Ministry's role regarding the management of natural/physical resources and ecosystems, formulation of national policies, development of effective environmental legislation, conservation and

protection of the natural resources and environment and the implementation of community-based projects. Such changes have contributed to the creation of the enabling environment for social and economic development. Other important trends include greater national efforts to strengthen links between the environment and development by capacity building through education, training, awareness programmes and information sharing.

At the local level village communities are showing greater interest and giving more support to the planning and implementation of community-based environmental projects particularly in resource conservation and climate change adaptation. For instance a large number of marine protected areas have been taken over by the communities themselves continuing the implementation of these conservation programmes. Nationally the government has implemented conservation projects in line with its current economic and governance reforms. These projects have complimented Samoa's current efforts to address its environment and are seen as an integral part of its overall environmental management strategies. Important lessons have been translated and incorporated environmental values into decision making and developmental strategies.

3. State of the environment

Poverty reduction measures are therefore strongly influenced by a number of key factors:

Water resources

Freshwater is a fundamental resource for Samoa however, there is uneven distribution of water availability with the rain shadow areas of north western Savaii suffering a severe shortage of water and dry land conditions. While the systems for supply of water have greatly improved with large number of households now accessing clean water some parts of the country continue to face water shortages or lack of services altogether. There are also concerns over the status of water resources with limited understanding of existing quantity and quality and ad-hoc governance of the watershed areas. Other major issues that are yet to be addressed relate to the ownership of water, access to water and the allocation of water to the various users.

About two thirds of the population has access to water drawn from surface resources with the other third relying on bore water or rainwater. About 88% of the population has access to some form of sanitation. This access to sanitation data however misrepresents the public health implications and environmental standards of the sanitation systems. In the Apia urban area, about 75% of households have septic tank systems, many of which are undersized, rarely cleaned and sometimes linked to the nearest drainage channel, resulting in pollution to groundwater, surface streams and the harbour. Of the central business area and those with special needs, less than 10% of waste water is treated adequately.

There is over exploitation and inefficient use of existing water supplies. Except for a few major rivers that run all year round, all surface water dry up for 3-6 months of the year. The continuing clearing of land for agriculture and livestock development is now the major threat to the ability of catchment areas to hold water and has led to

deteriorating water quality through pollution from agricultural chemicals and animal waste. Watershed management measures are being promoted in catchment areas on both Upolu and Savaii to minimise impacts. Government's efforts towards more efficient provision of water supplies on a commercial basis were initiated with the creation of the Samoa Water Authority. There is commitment to the principle of full cost recovery even though there is recognition that the application of user charges may not be feasible due to broader environmental, economic and social objectives.

Coastal exploitation

Climate change

Being a small island developing state Samoa is among the most vulnerable countries from impacts of climate change and sea level rise. With 70% of Samoa's population and infrastructure located in the low lying coastal areas the country Samoa is most vulnerable to the impacts of climate change including strong winds, storm surges, high tides and coastal inundation. In recent years Samoa has identified priority adaptation actions and implemented pilot adaptation projects as well as developed coastal infrastructure management plans. There is a need to identify adaptive management approaches and national disaster response strategies to climate change impacts and incorporate them into national development plans.

Marine and coastal resources

Samoans have traditionally relied on marine resources for their well being and daily sustenance providing their main source of protein. The mangroves, lagoon and coral reefs house an enormous diversity of marine invertebrates many of which the people rely on as food sources, fuel, and many other uses. Thus concerns over the degradation of the marine resources have led to numerous efforts to implement development initiatives at the local, national, regional and international levels. Several management regimes have been established to encourage stakeholder participation in the management process thus promoting sustainable resource utilisation and environmental protection. In addition several conservation initiatives have also been initiated to rehabilitate resources with the aim to ensure sustainable utilization and management of Samoa's marine resources.

In recent years, from the reports of those who fish, available catch data and declines in market landings that the maximum sustainable yield for Samoa's fish stocks may have been exceeded in most parts of Upolu. Inshore fisheries resources are on the decline and this is due to overfishing as a result of increased demand, use of effective and modern but non selective techniques, use of destructive techniques and loss of fish habitat due to reclamation, coral sand mining and drainage. Sediment and nutrient pollution of lagoons is also a contributing factor. The status of coastal resources and the marine environment is reported however to be improving in some areas due to the establishment of several village inshore fisheries reserves.

There is a high demand for coastal sand and gravel from the construction industry and community projects. The extraction of sand, however, is a significant factor contributing to coastal land degradation and the loss of marine and coastal ecosystems.

Forest resources

The most valuable land resource is forest with its ecological biodiversity. Over the years the forests have satisfied the demands for timber, other construction materials, food, firewood and traditional medicine. But a growing population competing for limited resources has fueled rapid deforestation with only a few years of merchantable native forests remaining.

The total land area is 698,941 acres and of this 37% is covered by remaining forestry. The current rate of forest depletion is about 7,500 acres per year with 40 % of clearing on Savaii due to logging while there is less logging on Upolu.. With plantation access roads opening up many inland areas over 42% of indigenous forests have been cleared for agriculture. Sustainable forest management is seen as one of the most pressing issues in environmental protection

Land resources

Land is central to the economic and cultural development of Samoa with about 80% of all land still under customary or family ownership, 16% government owned while only 4% is freehold land. While the current land tenure system has ensured that the majority of the land remained with the Samoan people it also raised a number of governance constraints which have exacerbated the problems related to the management of other natural resources such as forests, water and biodiversity. The challenge is to promote the sustainable development of lands and for the government to intervene where the public interest is threatened by the actions of individuals.

The majority of land is under customary tenure which guarantees access to land for subsistence purposes and is an integral part of the Samoan way of life. Customary ownership is viewed by some as an impediment to development. Apart from indigenous forests, the other most important land use is cropping with the most important crops being coconuts, cocoa, revitalised taro and bananas. At present most cropping and livestock development take place in areas suitable for agriculture but it is estimated that 30% of total agriculture and forest activities take place in areas with severe limitations. There is work in progress on the land capability/zoning systems for Samoa and the need to establish mechanisms for the sustainable allocation of land-based resources such as sand, aggregates, rocks etc.

Biodiversity resources

Samoa's terrestrial and marine biological diversity is at the core of the country's livelihood. People rely heavily on biological resources for their economic social and cultural well being with natural resources used for food, artisanal and medicinal purposes. Increased demand for land and forest resources puts tremendous pressure on natural ecosystems, threatening the survival of existing flora and fauna. Efforts to conserve the biodiversity of Samoa have included the establishment of national parks and reserves, the rehabilitation and preservation of ecosystems and habitats and the preservation of endangered species.

Samoa's biodiversity is described as one of the richest in the world with a recorded 5697 genera and 1244 species, of which 142 were new. It had 16 kinds of and birds found nowhere else in the world, 92 fish species new to science and 40 species of

fauna found only in Samoa. Increased demand for local resources is aggravating pressure on natural ecosystems and threatening the survival of existing biodiversity.

Air quality

There is little information to accurately describe air quality. Samoa does not have environmental standards for most of technology and pollution sources emitting contaminants into the environment. However, international standards of the World Health Organisation (WHO), relevant standards and procedures of New Zealand and Australia National Environment Agencies, and the USEPA have been selectively applied where appropriate. Localised air pollution has been associated with land clearance and cooking fires but there is increasing concern over the last 10 years of local air pollution from vehicle exhausts and industrial emissions.

Disaster management

In the preparatory stages for natural disaster and emergency management, a number of integrated actions have been developed and promoted to improve resilience to risk of natural hazards. The Coastal Infrastructure Management Strategy (CIMS) established under the Infrastructure Asset Management Project (2000) expanded to 15 electoral districts with completed Coastal Infrastructure Management Plans. The public and communities are also made aware of the vulnerabilities of areas that they inhabit with the completion and dissemination of a national series of hazard maps estimating the extent of flooding, landslip and coastal erosion threats. A GIS database now contains a significant pool of information on a range of hazards.

Waste management

Waste management is a complex issue in Samoa and it is essential that all aspects of the problem and their solutions are addressed in an integrated way. This has required the coordination of actions by individuals, government, private sector and communities in a range of activities such as waste minimization, recycling, collection, disposal and treatment. Greater public awareness has resulted in improved public response to waste management issues. A public collection system now covers the whole country with a sanitary landfill established on Upolu Island while one for Savaii is under construction. Hospital waste treatment has also improved with the operation of a new high temperature incinerator. The current focus is on waste recycling and the control of waste generation at source.

A growing urban population, increased imports of non biodegradable materials and chemicals related to agricultural development and manufacturing, has brought environmental health problems and a rapid confrontation with the realities of waste and management of toxic substances. The Government has developed fiscal and policy incentives and other measures to encourage environmentally sustainable imports and local products with low waste or degradable waste content. For example, Cabinet passed a directive that calls for the ban of importing non-ozone friendly goods e.g refrigerators, the ban of pre 1995 made vehicles is re-enforced; a portion of the import duty on all drinks in cans, plastic and glass containers, is reimbursed if the importer re-exports the containers and a disposal fee at the Tafaigata Landfill site for commercial and industrial solid wastes has been introduced as means to recover operation and maintenance costs.

Energy efficiency

There is limited awareness of energy efficiency and conservation measures as well as misconceptions of the capability of renewable energy due to previous trials which did not meet customer expectations. Challenges faced with regards to energy include the pressure of urbanization on current energy infrastructure, high cost of and dependence on fossil fuels for electricity and transportation, widely distributed and isolated population centres, and lack of affordable renewable energy technologies. More than 75% of Samoa is now covered by electricity. While access has been improved dramatically, the quality of electricity has been haphazard with breakages or outages becoming common in remote as well as heavily populated areas in the urban area due to a demand that is higher than the capacity of the supply.

Integrated planning

Samoa has adopted integrated planning and policies to ensure sustainable tourism development, with particular attention to land-use planning and coastal zone management activities requiring environmental impact assessments for all tourism projects. There is continuous monitoring of the environmental impact of all tourism activities and the development of guidelines and standards for design and construction taking into account energy and water consumption, the generation and disposal of wastes and land degradation, the proper management and protection of eco-tourism attractions, and the carrying capacity of areas for tourism.

Transport

Samoa has continued its efforts to strengthen transport services and facilities at both the national and local levels, paying particular attention to environmental protection, safety, and innovative energy-efficient and low-cost transport solutions. The Coastal Infrastructure Management Strategy has great bearing on the planning and development of transportation systems and network that are responsive to public and community needs. The Road network covers almost 90% of the whole country with sealed roads. From 1994, after the Road safety programmes had been conducted to minimize road accidents more progress was registered with rural roads and urban residential area side street sealing works.

Environmental Impact Assessment

The proposed National EIA Regulation is still under consideration by Cabinet, awaiting the codification of the Planning and Urban Management Bill (2003). The draft EIA Regulations (1998) sets out the basic process for impact assessment in Samoa for both private and public development proposals and only allows the Ministry of Natural Resources & Environment, to issue guidelines indicating which development proposals, or types of environmental impact, are permitted without further consideration under the regulations. It should be noted however that despite the absence of legislation for EIAs, its practice is already widespread by way of national policy and guidelines.

5. Environmental policy and legislation

A number of key policies have been developed to address priority environmental challenges and there has also been an ongoing programme aimed at the review of existing and development of new legislation including:

Policies	Legislation
1. Reclamation Policy 2000	1. MNREM Bill 2003
2. Draft Sand Mining Policy 2000	2. Wildlife Protection Regulations 2004
3. National Policy of Population & Sustainable Development 2001	3. Protection of the Ozone Layer Regulations 2004
4. National Land Use Policy 2001	4. Biosafety Bill 2004
5. National Waste Management Policy 2001	5. Draft Biosafety Regulations 2004
6. National Water Resources Policy 2001	6. Draft Land Registration Act Amendments 2005
7. National Heritage Policy 2004	7. Land Valuation Bill 2005
8. National Bio-Safety Policy 2004	8. Spatial Information Agency Bill 2005
9. Draft National Biological Diversity Policy 2005	9. Draft Surveying Act Amendments 2005
10. Draft National Climate Change Policy 2005	10. Draft Surveying Regulations 2005
11. Draft National Policy on the Sustainable Development of Forests 2005	11. Disaster Management Bill 2006
12. Draft National Policy on the Prevention of Atmospheric Pollution 2005	12. Draft regulations to Ban the Importation of Certain Plastic Products 2006

5. Environmental action programmes

Samoa participates actively in regional and international programmes related to the implementation of environmental multilateral agreements dealing with biodiversity, ozone depletion, climate change, waste management, chemical safety and heritage conservation. Financial and technical support provided by the Global Environment Facility and from bilateral donors has played a strong role in the implementation of national projects.

At the international and regional levels Samoa has ratified the following Multilateral Environmental Agreements (MEAs) and now joins the other Parties in their implementation:

1. United Nations Framework Convention on Climate Change	11. Convention on Conservation of Nature in the South Pacific
2. The Kyoto Protocol to the United Nations Framework Convention on Climate Change.	12. Agreement Establishing the South Pacific Regional Environment Program (SPREP)
3. Vienna Convention for the Protection of the Ozone Layer	11. Stockholm Convention on Persistent Organic Pollutants
4. Montreal Protocol on Substances that deplete the Ozone Layer	12. Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade
5. Convention on Biological Diversity	13. Stockholm Convention on Persistent Organic Pollutants
6. Cartagena Protocol to the Convention on Biological Diversity	14. Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade
7. United Nations Convention to Combat Desertification	15. Convention on Wetlands of International Importance especially as Waterfowl Habitat
8. Convention for the Protection of the World Cultural and Natural Heritage	16. Convention on International Trade in Endangered Species of Wild Fauna and Flora
9. Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal	17. Convention on the Conservation of Migratory Species of Wild Animals
10. Convention to Ban the Importation into Forum Island Countries of Hazardous and Radioactive Waste and to Control the Transboundary Movement and Management of Hazardous Waste within the South Pacific region.	

ENVIRONMENT INDICATORS*

* Source: Environmental Indicators from ADB/Samoa Country Strategy and Program Update (2004-2006)

Item Year	1990	Latest
1. Energy Efficiency of Emissions		
Traditional Fuel Use (% of total energy use)	50.0 (1980)	33.3 (1996)
2. Water Pollution		
Water Bodies Exceeding Contact Recreation Standards		
Biological Oxygen Demand (BOD)
Chemical Oxygen Demand (COD)
3. Air Pollution		
Carbon Dioxide (CO ₂) Emissions		
Total (millions of metric tons) ...		0.1 (1996)
Per unit of GDP (kg/PPP\$ GDP) ...		0.2 (1999)
Sulphur Dioxide (SO ₂) Emissions		
Per capita (kilograms)		
4. Land Use and Deforestation		
Total Land Area (km ²) 2,820.0		2,935 (2001)
Average Annual Deforestation	3000ha (1993)	
Area (remaining sq. km) ... (2000)		1,050.0
% change 2000)	1.1(1990-95)	2.1 (1990-
Arable Land (% of total land)	19.0(1993)	
Cropland, Permanent (% of total land)	24.0(1993)	34.7 (1999)
Pastures, Permanent (% of total land)		5 (1999)
Population Density, Rural (people per km ²) ...		244 (2001)
5. Biodiversity and Protected Areas		
Nationally Protected Area(s)		
Area (sq. km) ...		114.8 (1998)
Number ...		11 (2001)
World Heritage Sites (number)		0
Mammals (number of threatened species) ...		3 (2002)
Birds (number of threatened species)	14 (1980)	7 (2002)
6. Urban Areas		
Urban Population		
% of total population	21.0(1991)	22.3 (2001)
Per Capita Water Use (litres/day) 1993)		600 (Apia,
...		
Wastewater Treated (%)		<10% (2003)
Solid Waste Generated per Capita (kg/day) (Apia,1999)	0.5 (1993)	0.99

Note: (...) means no data available.

Sources: CIA. 2001, 2002. *The World Factbook* (<http://cia.gov>); SPC. 1997. *Pacific Island Populations Data Sheet*; SPC. 2002. *Oceania Population*; SPREP. 1999-2002. *Action Strategy for Nature Conservation in the Pacific Islands Region*; SPREP. 1993. *Western Samoa State of the Environment Report*; UNDP. 2000, 2001, 2002. *Human Development Report*; World Bank. 2002, 2003. *The Little Green Data Book*; World Bank. 2003. *World Development Indicators database*.

MIGRATION PROFILE : SAMOA

Box 1: Immigrants

Total number of residents	176,710 (thousand)
Of which:	
Own nationals	99%
Immigrants	1%
Status Immigrants	
Refugees	0%
Labour migrants/permanent	Not Known
Labour migrants/seasonal	1%
p.m. internally displaced persons	Not Known
Immigration Trend	
Number of arriving immigrants in 00/04:	346, 374, 472, 377, 133 (hundred)
Education: Skilled labour	99.7%
Main countries of origin: New Zealand, Australia, Fiji and China	
Rate of return	Not Known
Finance	
Amount of outgoing migrant remittances:	Not Known
Remittances as % of GDP:	Not Known

Box 2: Emigrants

Total number of emigrants	
Status Emigrants	
Refugees	Not Known
Labour migrants/permanent	11.8%
Labour migrants/seasonal	
Legal Situation emigrants	
Documented	Not Known
Undocumented	Not Known
Trend	
Number of leaving migrants in 98/02:	5493, 5733, 5725, 6275, 6295
Education: Skilled labour	Not Known
Main countries of destination: New Zealand, Australia, United States, American Samoa	
Rate of return	Not Known
Finance	
Amount of incoming migrant remittances:	\$201.17 million (2004)
Remittances as % of GDP:	19.2% (2004)

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.

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

Implementing Agency:

Pacific Islands Forum Secretariat (PIFS)

Budget:	€ 1,320,000
Financing Agreement Signed:	March 2003
Duration:	4.5 years
Project Closure:	December 2007

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

Since 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 is 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 km², a total land area just over half a million km² and a total population of about 7 million. The Region attaches particular importance to the sustainable development of Fisheries as this sector is considered to have the most potential for revenue generation and sustainable economic growth. Whilst tuna fisheries underpin the region's main hope for future economic self-sufficiency, it is the coastal fisheries which underpin current livelihoods and continued food security.

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

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

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

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

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

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

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

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

13. Pacific Regional Initiatives for the Delivery of Basic Education –

9.ACP.RPA.01

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

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

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

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

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

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

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

14. Development of Tuna Fisheries in the Pacific ACP Countries – 9.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.