

***FINANCING AGREEMENT***

*between*

***THE EUROPEAN COMMISSION***

*and*

***THE GOVERNMENT OF THE COOK ISLANDS,***

***THE GOVERNMENT OF NAURU***

***THE GOVERNMENT OF NIUE, THE REPUBLIC OF PALAU***

***THE REPUBLIC OF THE MARSHALL ISLANDS (RMI)***

***THE FEDERATED STATES OF MICRONESIA (FSM),***

***Extension of the project "Reducing Vulnerability of Pacific ACP States"***

***to six new ACP States***

***(REG/7720/001)***

***EDF IX***

# FINANCING AGREEMENT

## Special Conditions

The European Community, hereinafter referred to as "the Community", represented by the Commission of the European Communities in its capacity as manager of the European Development Fund, hereinafter referred to as "**the Commission**",

of the one part, and

The government of the Cook Islands, the Government of Nauru, the Government of Niue, the Republic of Palau, the Republic of the Marshall Islands (RMI), the Federated States of Micronesia (FSM), represented by the Secretary General of the Forum Secretariat, Regional Authorising Officer, hereinafter referred to as "**the Beneficiary**",

of the other part,

HAVE AGREED AS FOLLOWS:

### ARTICLE 1 - NATURE AND PURPOSE OF THE OPERATION

1.1. The Community shall contribute to the financing of the following project:

Title : Extension of the project "Reducing Vulnerability of Pacific ACP States" to six new ACP States  
Accounting N°: REG/7720/001  
Identification N°: 9 ACP RPA 005

hereinafter referred to as "the project", which is described in the Technical and Administrative Provisions in Annex II.

1.2 This project will be implemented in accordance with the financing agreement and the annexes thereto: the General Conditions (Annex I) and the Technical and Administrative Provisions (Annex II).

### ARTICLE 2 - THE COMMUNITY'S FINANCIAL CONTRIBUTION

2.1 The total cost of the project is estimated at 2 550 000 Euro.

2.2 The Community undertakes to finance a maximum of 2 550 000 Euro. The breakdown of the Community's financial contribution into budget headings is shown in the budget included in the Technical and Administrative Provisions in annex II.

MAY 2003

### **ARTICLE 3 - THE BENEFICIARY'S CONTRIBUTION**

Where the beneficiary's contribution is not financial, the detailed arrangements shall be set out in the Technical and Administrative Provisions in Annex II to the financing agreement.

### **ARTICLE 4 - PERIOD OF EXECUTION**

The period of execution of the financing agreement shall commence on the entry into force of the financing agreement and end at 30 June 2009. This period of execution shall comprise two phases: an operational implementation phase, which shall commence on the entry into force of the financing agreement and end at 30 June 2007. As from this date shall commence the closure phase, which shall end at the end of the period of execution.

### **ARTICLE 5 - DEADLINE FOR THE SIGNATURE OF THE CONTRACTS AND PROGRAMME-ESTIMATES IMPLEMENTING THE FINANCING AGREEMENT**

Contracts and programme-estimates implementing the financing agreement shall be signed by 21 December 2006 at the latest. This deadline may not be extended.

### **ARTICLE 6 - PAYING AGENT**

In order to effect the payments resulting from this financing agreement, the role of paying agent shall be performed by the financial institution chosen by the Commission.

### **ARTICLE 7 - ADDRESSES**

All communications concerning the implementation of the financing agreement shall be in writing, refer expressly to the project and be sent to the following addresses:

**for the Commission**

EuropeAid Cooperation Office  
B-1049 Brussels

**for the Beneficiary**

The Regional Authorising Officer,  
the Secretary General of the Pacific Islands Forum Secretariat  
Suva (Fiji)

**ARTICLE 8 - ANNEXES**

8.1 The following documents shall be annexed to this financing agreement and form an integral part thereof:

Annex I: General Conditions.

Annex II: Technical and Administrative Provisions.

8.2 Should a conflict arise between the provisions of the Annexes and those of the Special Conditions of the financing agreement, the provisions of the Special Conditions shall take precedence. Should a conflict arise between the provisions of annex I and those of annex II, the provisions of Annex I shall take precedence.

**ARTICLE 9 - OTHER SPECIAL CONDITIONS APPLYING TO THE PROJECT**

For the purpose of Article 3 of the General Conditions the authority responsible for carrying out the project which is the subject of this Financing Agreement is the Secretary General of the Forum Secretariat, Regional Authorising Officer.

**ARTICLE 10 - ENTRY INTO FORCE OF THE FINANCING AGREEMENT**


The financing agreement shall enter into force on the date on which it is signed by the last party.

Done in two original copies in the English language, one copy being handed to the Commission and one to the Beneficiary.

Done at Brussels  
FOR THE COMMISSION

Done at Suva  
FOR THE BENEFI

*for*  
Amir NAQVI,  
Deputy Chief Authorising  
Officer of the EDF

*I AM*  


Date *27/12/03*

Date *11/02/04*



# **ANNEX I - GENERAL CONDITIONS**

## **TITLE I - PROJECT/PROGRAMME FINANCING**

### **ARTICLE 1 - GENERAL PRINCIPLE**

1.1 The Community's financial contribution shall be limited to the amount specified in the financing agreement.

1.2 The provision of Community financing shall be subject to fulfilment of the Beneficiary's obligations under this financing agreement.

### **ARTICLE 2 - COST OVERRUNS AND COVERING THEM**

2.1 Individual overruns of the budget headings of the financing agreement are dealt with by reallocating funds within this budget, in accordance with Article 20 of these General Conditions.

2.2 Wherever there is a risk of overrunning the global amount set in the financing agreement, the Beneficiary shall immediately inform the Commission and seek its prior approval for the corrective measures planned to cover the overrun, proposing either to scale down the project/programme or to draw on its own or other nonCommunity resources.

2.3 If the project/programme cannot be scaled down, or if the overrun cannot be covered either by the Beneficiary's own resources or other resources, the Commission may, exceptionally, at the Beneficiary's duly substantiated request, grant additional Community financing. Should it take such a decision, the excess costs shall be financed, without prejudice to the relevant Community rules and procedures, by the release of an additional financial contribution to be set by the Commission, up to a ceiling of 20% of the Community contribution laid down for the project/programme.

## **TITLE II - IMPLEMENTATION**

### **ARTICLE 3 - GENERAL PRINCIPLE**

3.1 The project/programme shall be implemented under the responsibility of the Beneficiary with the approval of the Commission.

3.2 The Commission is represented in the State of the Beneficiary by its Head of Delegation.

#### **ARTICLE 4 - PERIOD OF EXECUTION**

4.1 The financing agreement shall lay down an period of execution, which shall commence on the entry into force of the financing agreement and end on the date specified to this end in Article 4 of the Special Conditions.

4.2 This period of execution shall comprise two phases:

- an operational implementation phase, in which the principal activities are carried out. This phase shall commence on the entry into force of the financing agreement and end at the latest 24 months before the end of the period of execution;

- a closure phase, during which final audits and evaluation are carried out and contracts and work-estimates for the implementation of the financing agreement are technically and financially closed. This phase shall commence on the date of end of the operational implementation phase and end at the latest 24 months after this date.

4.3 Costs related to the principal activities shall be eligible for Community financing only if they have been incurred during the operational implementation phase. Costs related to final audits and evaluation and closure activities shall be eligible up to the end of the closure phase.

4.4 Any balance remaining from the Community contribution will be automatically cancelled six months after the end of the period of execution.

4.5 In exceptional and duly substantiated cases, a request may be made for the extension of the operational implementation phase and correlatively of the period of execution. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the operational implementation phase and approved by the Commission before that latter date.

4.6 In exceptional and duly substantiated cases, and after the end of the operational implementation phase, a request may be made for the extension of the closure phase and correlatively of the period of execution. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the closure phase and approved by the Commission before that latter date.

#### **ARTICLE 5 - CURRENCIES AND PLACES OF PAYMENT**

5.1 Where payments are made in the national currency of an ACP State, the accounts shall be held at a bank established in that country or in the country of the contractor's headquarters.

5.2 Where payments are made in euro or foreign exchange, the accounts shall be held at a bank or approved intermediary established in a Member State, an ACP State or in the country of the contractor's headquarters.

### **TITRE III - AWARD OF CONTRACTS AND GRANTS**

#### **ARTICLE 6 - GENERAL PRINCIPLE**

All contracts implementing the financing agreement must be awarded and implemented in accordance with the General Regulations for works, supply and service contracts adopted by the ACP-EEC Council of Ministers, supplemented by the General Conditions for contracts financed by EDF and the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

#### **ARTICLE 7 - DIRECT LABOUR OPERATIONS**

7.1 All programme-estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question.

7.2 In the case of direct labour operations, adequate provisions for the management and scrutiny of imprest accounts and for the definition of the responsibilities of the imprest administrator and the accounting officer shall be laid down. Moreover, where claims that the European Development Fund has on the Beneficiary via the public or semi-public bodies or departments of the State of the Beneficiary, the Commission shall take all the necessary measures to obtain actual repayment of the sums due, including, where appropriate, suspension by the Commission of that type of arrangement.

#### **ARTICLE 8 - DEADLINE FOR THE SIGNATURE OF THE CONTRACTS AND PROGRAMME-ESTIMATES IMPLEMENTING THE FINANCING AGREEMENT .**

8.1 The contracts and programme-estimates implementing the financing agreement shall be signed by both parties within three years of the adoption of the financial commitment by the Commission, namely at the latest on the date referred to in Article 5 of the Special Conditions. That deadline may not be extended:

8.2 The above provision shall not apply to audit and evaluation contracts, which may be signed later.

8.3 On the date referred to in Article 5 of the Special Conditions, any balance for which contracts have not been signed will be cancelled.

8.4 A contract or programme-estimate which has not given rise to any payment within three years of its signature shall be automatically terminated and its funding cancelled.

#### **ARTICLE 9 - ELIGIBILITY**

9.1 Participation in invitations to tender for works, supply or service contracts shall be open on equal terms to all natural and legal persons of the Member States of

the Community and, in accordance with the specific provisions in the basic acts governing the cooperation sector concerned, to all natural and legal of the beneficiary third countries or of any other third country expressly mentioned in those acts.

9.2 Participation in calls for proposals shall be open on equal terms to all legal persons of the Member States of the Community and, in accordance with the specific provisions in the basic acts governing the cooperation sector concerned, to all natural and legal persons of the beneficiary third countries or of any other third country expressly mentioned in those instruments.

9.3 Exceptionally, in duly substantiated cases approved by the Commission, it may be decided, on the basis of the specific conditions laid down in the basic acts governing the cooperation sector concerned, to allow third-country nationals other than those referred to in paragraphs 1 and 2 to tender for contracts.

9.4 Goods and supplies financed by the Community and necessary for the performance of works, supply and service contracts and procurement procedures launched by the grant beneficiaries for the execution of the action financed must originate in countries eligible to participate on the terms laid down in the previous three paragraphs.

9.5 This nationality rule shall also apply to the experts proposed by service providers taking part in tender procedures or service contracts financed by the Community.

## **TITLE IV - RULES APPLICABLE TO THE PERFORMANCE OF CONTRACTS**

### **ARTICLE 10 - ESTABLISHMENT AND RIGHT OF RESIDENCE**

10.1 Where justified by the nature of the contract, natural and legal persons participating in invitations to tender for works, supply or service contracts shall enjoy a provisional right of establishment and residence in the Beneficiary's country. This right shall remain valid for one month after the contract is awarded.

10.2 Contractors (including the grant beneficiaries) and natural persons whose services are required for the performance of the contract and members of their family shall enjoy similar rights during the implementation of the project/programme.

### **ARTICLE 11 - TAX AND CUSTOMS PROVISIONS**

11.1 Save where otherwise provided in the basic acts governing the cooperation sector concerned, taxes, duties or other charges (including value added tax - VAT - or equivalent taxes) shall be excluded from Community financing.

11.2 The State of the Beneficiary shall apply to procurement contracts and grants financed by the Community the most-favoured tax and customs arrangements applied to States or international development organisations with which it has relations. For the purpose of determining the most-favoured-State treatment, account shall not be taken of arrangements applied by the Beneficiary concerned to the other ACP States or to other developing countries.



## **ARTICLE 12 - FOREIGN EXCHANGE ARRANGEMENTS**

The State of the Beneficiary undertakes to authorise the import or purchase of the foreign currency necessary for the implementation of the project. It also undertakes to apply its national foreign exchange regulations in a non-discriminatory manner to the contractors allowed to participate referred to in Article 9 of these General Conditions.

## **ARTICLE 13 - USE OF DATA FROM STUDIES**

Where the financing agreement involves the financing of a study, the contract related to this study, signed for the implementation of the financing agreement, shall govern the ownership of that study and the right for the Beneficiary and the Commission to use data in the study, to publish it or to disclose it to third parties.

## **ARTICLE 14 - ALLOCATIONS OF AMOUNTS RECOVERED UNDER CONTRACTS**

Amounts recovered from payments effected or guarantees lodged under a contract financed under this financing agreement, together with any penalties arising from non-performance of a contract, shall be allocated to this project/programme.

## **ARTICLE 15 - FINANCIAL CLAIMS UNDER CONTRACTS**

The Beneficiary undertakes to confer with the Commission before taking any decision concerning a request for compensation made by a contractor and considered by the Beneficiary to be justified in whole or in part. The financial consequences may be borne by the Community only where the Commission has given its prior approval. Such prior approval is also required for any use of funds committed under the present financing agreement to cover costs arising from disputes relating to contracts.

## **TITLE V - GENERAL AND FINAL PROVISIONS**

### **ARTICLE 16 - VISIBILITY**

16.1 Every project/programme financed by the Community shall be the subject of appropriate communication and information operations. These operations shall be defined under the responsibility of the Beneficiary with the approval of the Commission.

16.2 These communication and information operations must follow the rules laid down and published by the Commission for the visibility of external operations in force at the time of the operations.

## **ARTICLE 17 - PREVENTION OF IRREGULARITIES, FRAUD AND CORRUPTION**

17.1 The Beneficiary undertakes to check regularly that the operations financed with the Community funds have been properly implemented. It shall take appropriate measures to prevent irregularities and fraud and, if necessary, bring prosecutions to recover funds wrongly paid.

17.2 "Irregularity" shall mean any infringement of the financing agreement, implementing contracts or work-estimates or Community law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the European Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the European Communities, or by an unjustified item of expenditure.

"Fraud" shall mean any intentional act or omission concerning:

- the use or presentation of false, incorrect or incomplete, statements or documents which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets managed by them, or on their behalf;
- non-disclosure of information in violation of a specific obligation, with the same effect;
- the misapplication of such funds for purposes other than those for which they are originally granted.

The Beneficiary shall immediately inform the Commission of any element brought to its attention which arouses suspicions of irregularities or fraud and of any measure taken to deal with them.

17.3 The Beneficiary undertakes to take every appropriate measure to remedy any practices of active or passive corruption whatsoever at any stage of the procedure for the award of contracts or grants or in the implementation of the related contracts. "Passive corruption" shall mean the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or for a third party, or accepts a promise of such an advantage, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the financial interests of the European Communities. "Active corruption" shall mean the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official, for himself or for a third party, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the financial interests of the European Communities.

## **ARTICLE 18 - VERIFICATIONS AND CHECKS BY THE COMMISSION, THE EUROPEAN ANTI-FRAUD OFFICE (OLAF) AND THE COURT OF AUDITORS OF THE EUROPEAN COMMUNITIES**

18.1 The Beneficiary agrees to the Commission, OLAF and the Court of Auditors of the European Communities conducting documentary and on-the-spot checks on the use made of Community funding under the financing agreement (including procedures for the award of contracts and grants) and carrying

out a full audit, if necessary, on the basis of supporting documents of accounts and accounting documents and any other documents relating to the financing of the project/programme, throughout the duration of the agreement and for seven years after the date of the last payment.

18.2 The Beneficiary also agrees that OLAF may carry out on-the-spot checks and verifications in accordance with the procedures laid down by Community law for the protection of the financial interests of the European Communities against fraud and other irregularities.

18.3 To that end, the Beneficiary undertakes to grant officials of the Commission, OLAF and the Court of Auditors of the European Communities and their authorised agents access to sites and premises at which operations financed under the financing agreement are carried out, including their computer systems, and to any documents and computerised data concerning the technical and financial management of those operations, and to take every appropriate measure to facilitate their work. Access by authorised agents of the European Commission, OLAF and the Court of Auditors of the European Communities shall be granted on conditions of strict confidentiality with regard to third parties, without prejudice to public law obligations to which they are subject. Documents must be accessible and filed in a manner permitting easy inspection, the Beneficiary being bound to inform the Commission, OLAF or the Court of Auditors of the European Communities of the exact location at which they are kept.

18.4 The checks and audits described above shall also apply to contractors and subcontractors who have received Community funding.

18.5 The Beneficiary shall be notified of on-the-spot missions by agents appointed by the Commission, OLAF or the Court of Auditors.

#### **ARTICLE 19 - CONSULTATION BETWEEN THE COMMISSION AND THE BENEFICIARY**

19.1 The Beneficiary and the Commission shall consult each other before taking any dispute relating to the implementation or interpretation of this financing agreement further, in accordance with the relevant provisions of the ACP-EEC Partnership Agreement.

19.2 Where the Commission becomes aware of problems in carrying out procedures relating to management of European Development Fund resources, it shall establish all necessary contacts with the Beneficiary to remedy the situation and, take any steps that are necessary, including, where the Beneficiary does not, or is unable to, perform the duties incumbent on it under the ACP-EEC Partnership Agreement, temporarily taking the Beneficiary's place.

19.3 The consultation may lead to the amendment, suspension or termination of the financing agreement.

## **ARTICLE 20 - AMENDMENT OF THE FINANCING AGREEMENT**

20.1 Any amendment to the Special Conditions and Annex II to the financing agreement shall be made in writing and be the subject of an addendum.

20.2 If the request for an amendment comes from the Beneficiary, the latter shall submit that request to the Commission at least three months before the amendment is intended to enter into force, except in cases which are duly substantiated by the Beneficiary and accepted by the Commission.

20.3 For technical adjustments, which do not affect the objectives and results of the project/programme and alterations in matters of detail which do not affect the technical solution adopted, and within the limit of the contingencies funds, the Beneficiary shall inform the Commission of the amendment and its justification in writing as soon as possible and apply that amendment.

20.4 The specific cases of the extension of the operational implementation phase or of the closure phase are governed by Article 4 (5) and (6) of these General Conditions.

## **ARTICLE 21 - SUSPENSION OF THE FINANCING AGREEMENT**

21.1 The financing agreement may be suspended in the following cases:

(a) The Commission may suspend the implementation of the financing agreement if the Beneficiary breaches an obligation under the financing agreement.

(b) The Commission may suspend the financing agreement if the Beneficiary breaches an obligation relating to respect for human rights, democratic principles and the rule of law and in serious cases of corruption.

(c) The financing agreement may be suspended in cases of force majeure, as defined below. "Force majeure" shall mean any unforeseeable and exceptional situation or event beyond the party's control which prevents either of them from fulfilling any of their obligations, is not attributable to error or negligence on their part (or the part of their contractors, agents or employees) and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available, labour disputes, strikes or financial difficulties cannot be invoked as force majeure. A party shall not be held in breach of its obligations if it is prevented from fulfilling them by force majeure. A party faced with force majeure shall inform the other party without delay, stating the nature, probable duration and foreseeable effects of the problem, and take any measure to minimise possible damage.

21.2 No prior notice shall be given of the suspension decision.

21.3 When the suspension is notified, the consequences on the ongoing contracts or work-estimates or contracts or work-estimates to be signed will be indicated.

## **ARTICLE 22 - TERMINATION OF THE FINANCING AGREEMENT**

22.1. If the issues which led to the suspension of the financing agreement have not been resolved within a maximum period of four months, the Commission or the Beneficiary may terminate the financing agreement at two months' notice.

22.2. Where a financing agreement has not given rise to any payment within three years of its signature or no implementing contract or programme-estimates has been signed by the date referred to in Article 5 of the Special Conditions, that financing agreement will automatically be terminated.

22.3 When the termination is notified, the consequences on the ongoing contracts or work-estimates or contracts or work-estimates to be signed will be indicated.

## **ARTICLE 23 - DISPUTE-SETTLEMENT ARRANGEMENTS**

23.1 Any dispute concerning the financing agreement which cannot be settled within a six-month period by the consultations between the Commission and the Beneficiary provided for in Article 19 of these General Conditions shall be submitted to the Council of Ministers. Between meetings of the Council of Ministers, such disputes shall be submitted to the Committee of Ambassadors. If the Council does not succeed in settling the dispute, either Party may request settlement of the dispute by arbitration.

23.2 In this case the parties shall designate an arbitrator within 30 days of the request for arbitration. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration (The Hague) to designate a second arbitrator. The two arbitrators shall in their turn designate a third arbitrator within 30 days. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration to designate the third arbitrator.

23.3 Unless the arbitrators decide otherwise, the procedure laid down in the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States shall apply. The arbitrators' decisions shall be taken by a majority within a period of three months.

23.4 Each party shall be bound to take the measures necessary for the application of the arbitrators' decision.

**ANNEX II**

**TECHNICAL AND ADMINISTRATIVE PROVISIONS FOR  
IMPLEMENTATION**

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**THE GOVERNMENT OF THE COOK ISLANDS,  
THE GOVERNMENT OF NAURU  
THE GOVERNEMENT OF NIUE, THE REPUBLIC OF PALAU  
THE REPUBLIC OF THE MARSHALL ISLANDS (RMI)  
THE FEDERATED STATES OF MICRONESIA (FSM),**

Title : Extension of the project "Reducing Vulnerability of Pacific ACP  
States" to six new ACP States  
Accounting N°: REG/7720/001  
Identification N°: 9 ACP RPA 005

## **1. SUMMARY**

In March 2002, the financing agreement n° 6472/REG was signed between the European Commission and 8 ACP states of the Pacific region for reducing their vulnerability. Within the non focal sector of the 9th EDF Pacific Regional Indicative Programme it was agreed that the 6 new ACP countries should benefit from appropriate regional projects committed under the 8th EDF,

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.

For each country, this information will support the development of a knowledge base in these three focal areas thereby enabling the production of planning and management tools such as codes of practice, guidelines and draft legislation, to enhance integrated development for selected geographic areas or nation-wide.

Coastal communities in the Pacific ACP, in particular the smaller island countries, will be targeted as principal beneficiaries. Other beneficiaries will include governments, utility organisations, statutory bodies, non-government organisations, the commercial sector, civil society and intergovernmental bodies.

The Project is consistent with UN Agenda 21, the Barbados Programme of Action for Small Island Developing States (SIDS) and recent initiatives of ECOSOC, that recognise the vulnerability of small island states and emphasise the role of information technology in assisting such countries in resource development.

The Project will be implemented by the South Pacific Applied Geoscience Commission (SOPAC). A project log-frame is included at Annex C.

## **2 INTERVENTION**

### **2.1. Project Description**

#### **2.1.1 Overall Objectives**

The overall project goal is to reduce vulnerability in Pacific ACP States by addressing three essential sectors in the island system; aggregates for construction, water resources supply and sanitation; and hazard mitigation and risk assessment, through the implementation of ISM.

#### **2.1.2 Project Purpose**

The project purpose is to strengthen the capacity of the 6 Pacific ACP States to:

- Identify alternative sources of aggregates for construction purposes.
- Plan safe and adequate water supplies and sanitation systems
- Develop comprehensive hazard and risk management tools for safeguarding of communities.

#### **2.1.3 Results**

The results of the project shall be:

- A comprehensive base-line database within the Framework of ISM
- Spatial databases using air-photos, satellite images, offshore bathymetry and imagery and onshore field surveys, and supplemented by historical data.
- An operational template of ISM tools and all Pacific ACP countries trained in their use.
- An Information and Communication Technology (ICT) network infrastructure set up in each Pacific ACP country within the context of ISM.
- Institutional capacity for the management of data and processed products (maps etc.) in each Pacific ACP country.

#### **2.1.4 Activities**

Project activities will include:

- marine geophysical surveys
- water resources and sanitation surveys
- onshore surveys of urban and rural communities
- establishment of information management and modeling systems, and
- training

The detailed list of the study area activities is shown in Annex C.

#### **2.1.5 Project Indicators**

At the level of the *project objective* indicators will be collected by way of independent project evaluations and published Vulnerability and Human Poverty Indices. At *project purpose* level indicators will be collected through independent evaluations, national reports, SOPAC Council meeting minutes, and published health statistics. At the *results level* indicators will



be collected through national training reports, national budgets and accounts, national statistics, independent review reports, and tripartite meeting reports.

## **2.2. Project Analysis**

### **2.2.1 Lessons from Past Experience**

A major constraint to successful sectoral studies is the duplication of field activities bringing with it inefficiencies of cost, human resource deployment, and problem solving in isolation. SOPAC, from past experience has recognised this problem and is now operationally structured along a 'programme' rather than 'technical discipline' lines. In consequence, the Project will build on SOPAC's operational and regional experience by adopting an integrated (ISM) approach to resource management and vulnerability issues and will take cognizance of the linkages between the sectors.

SOPAC, from past experience, also acknowledges that the processed products of the Project such as data (e.g. maps and brochures), policies and legislative regimes, which seek to develop good governance, will only be effective if communities are directly empowered.

### **2.2.2 Linkages with Other Operations**

SOPAC works closely with CROP and other intergovernmental organisations. The Project will therefore add value to, and provide cross-fertilisation with other regional initiatives. Principal linkages include:

- South Pacific Regional Environment Programme (SPREP)
  - understanding and responding to climate change, particularly through integrated coastal management,
  - minimising pollution and wastes, and improving preparedness for pollution emergencies,
  - planning, managing and regulating development in a manner that is environmentally sustainable,
  - strengthening environmental education, training and information systems.
- Secretariat of Pacific Communities (SPC)
  - Ocean fisheries programme,
  - Coastal fisheries programme,
  - Social resources programme.
- South Pacific Tourism Organisation (SPTO)
  - Tourism development programme,
  - South Pacific Islands Computer Enquiry System (SPICE).
- Forum Secretariat
  - Land resources working group,
  - Marine resources working group,

- Disaster management and water resources policy development,
- Regional policy and CROP strategy work.

### **2.2.3 Results of Economic and Cross-sectoral Appraisals**

The Project addresses certain aspects for alleviating poverty through the implementation of the ISM, which will have a direct impact on the Pacific ACP States' ability to plan and manage the sectors impacting on hazards, aggregates and water resources. While income generation will not be one of the direct benefits, improvement in infrastructure and quality of life and the contribution to human capital will have strong positive impact on the other sectors of the economy.

Traditionally the indigenous peoples of the Pacific ACP States have a strong affinity with their land, reefs, lagoons and coastal waters. The Project will be sensitive to local customs and resource ownership throughout its entirety. The benefits to households, primarily to women and children, are substantive as the data collected through the Project will lead to the development of improved access to water and sanitation and consequential improvements in health and wellbeing.

At both the commercial and community levels, reduced risk to hazards, improved access to aggregates, and water and sanitation will promote opportunities for economic growth and development. This will also protect traditional lifestyles and livelihood options. Equal opportunity will be afforded to all project stakeholders who will be involved in the execution of the activities of the Project. SOPAC's current employment roll reflects a gender balance.

The Project is concerned with non-intrusive data collection, processing, dissemination and training-capacity raising; as such it has minimal or no direct adverse environmental impact. Most of the outputs of the Project will contribute directly to sound environmental management and many of the outputs are components of environmental assessment.

## **3. Project Implementation**

### **3.1 Physical and Non-physical Means**

Four long-term Environmental Scientists will be recruited to strengthen the pool of expertise that exists within SOPAC and the 8-ACP-RPA-007 project (Seven long-term technical assistants and three support staff). This technical assistance team will be co-ordinated by SOPAC who will provide the necessary leadership. Pacific Island nationals with postgraduate qualifications will be assigned to the Project as country counterparts. Existing SOPAC staff will also be involved in the Project from time-to-time. As and when required short-term consultants for data acquisition, in-country surveys, analysis and workshops will be hired.

Specialised field equipment will be purchased to undertake project activities. This will include data handling equipment, internet access, satellite imagery, and office support equipment. A derogation from the rules of origin will be granted, if required, for the procurement of satellite imagery as sources of supply are presently limited.

Office space at SOPAC's premises, complemented as necessary under the programme, will be made available to the experts. The project also makes monetary provision for, training, meetings and workshops, and field survey expenses.

### 3.2 Organisational and Implementation Procedures

The Regional Authorising Officer (Forum Secretariat) will be the contracting Authority, with SOPAC the implementing agency. The Director of SOPAC will act as the project supervisor. He and/or his representative will provide the required leadership. An addendum to the existing decentralised Grant Agreement Contract will be signed to cover this extension. The four additional TA positions will be advertised internationally in the ACP/EU specialised press and on the Internet. Contracts will be awarded by direct agreement after a restricted consultation process involving at least three candidates. Procurement of equipment and consultancies to be procured under the project will comply to regulations as stated in the Grant Agreement.

### 3.3 Appropriate Technology

SOPAC is widely respected as a Pacific centre of excellence in the fields of surveying, GIS, remote sensing, database development, natural resource evaluation and ICT. The technology to be used in the Project is appropriate and will allow for cost effective and state-of-the-art data acquisition. It also includes IT and GIS systems, which are compliant with participating country needs.

### 3.4 Timetable /Cost and Financing Plan

The Financing Agreement shall be concluded by 31 December of the year following the year in which the global financial commitment related to 9 EDF funds was adopted. Failing this, the corresponding appropriations shall be cancelled. The final date of implementation is set hereby at 30.06.2007. The final date of execution of the Financing Agreement is hereby set at 30.06.2009.

Any balance of funds remaining available under the present grant must be automatically cancelled six months after the end of the period of execution of the financing agreement.

The Contracts and Grant Agreements or other instruments, which implement the financing agreement, must be signed no later than three years from the adoption of the corresponding 9th EDF global financing commitment. This deadline cannot be extended. An indicative execution timetable, is presented in annex D.

The above provision does not apply to contracts relating to audit and evaluation, which may be signed later.

The total cost of the project is estimated at EUR 2,550,000 broken down as follows:

<b><i>B.L. No</i></b>	<b><i>Budget Line</i></b>		<b><i>9<sup>th</sup> EDF</i></b>
<i>1</i>	<i>Fees of experts</i>		<i>1,070,000</i>
<i>2</i>	<i>Training/Workshops</i>		<i>280,000</i>
	<i>Equipment</i>		<i>395,000</i>
<i>4</i>	<i>Administrative &amp; Operational costs</i>		<i>489,600</i>
<i>5</i>	<i>Review/Ev./Audits/Consultancies/Internet</i>		<i>245,000</i>
<i>6</i>	<i>Contingencies</i>		<i>70,400</i>
	<b><i>TOTAL</i></b>		<b><i>2,550,000</i></b>

### **3.5 Special Conditions and Accompanying Measures by the Beneficiary Governments**

The following special conditions will apply:

- Beneficiary countries undertake to make available to the project the necessary counterpart and other staff
- SOPAC commits in providing the required leadership
- Commitment by SOPAC to ensure continuous support - beyond the project life - to sustain the project outputs successfully, particularly in the case of the smaller island states
- Commitment by SOPAC, assisted by the experts, to define ways and give incentives to promote the active involvement of the private sector in the Project
- An undertaking by Pacific ACP member states to implement the necessary legislative measures to ensure maximum effectiveness and sustainability of the Project.
- Commitment by FORUM Secretariat to arrange the timely covering of any project implementation overruns

## **4 Monitoring Arrangements and Follow-up**

### **4.1 Monitoring Arrangements and follow up**

SOPAC has a well established and proven system for monitoring and measuring project performance down to individual task level by their assessment of the inputs (funds, staff, equipment, etc.) and outputs (reports, advice, maps, etc).

The SOPAC Governing Council and Technical Advisory Group will monitor the project annually. The RAO and the EC Delegation will monitor the project closely on a regular basis through project reports, audit reports and through regular meetings with SOPAC and the TA team.

### **4.2 Reviews/Evaluation/ Audits: Procedures and Reports**

Two independent project reviews will be undertaken during the life of project, one of which shall be the final ex-post evaluation. The review will cover simultaneously the on going project and the present extension. Independent financial audits will be undertaken on an annual basis. A provision for Audit is included in the budget of this Financing Agreement. It is understood that the Chief Authorising Officer, in accordance with Art. 23 of the Financial Regulation, may use this provision to organise an independent audit of expenditure realised under this agreement.

## **DTA ANNEXES**

**ANNEX A: Assumptions**

**ANNEX B: Factors ensuring sustainability**

**ANNEX C: Logical Framework**

**ANNEX D: Tentative Timetable**

## **ANNEX A: Assumptions**

### **Risks and Assumptions Relating to Implementation**

The success of the Project depends on the following assumptions: i) Pacific Island communities want to improve their planning and management of the sectors impacting on hazards, aggregates and water and sanitation; ii) in-country stakeholders support the need for ISM and co-operate through participation and data exchange with the Project; iii) availability of in-country logistical support, provision of country counterparts/trainees, iv) availability of appropriately skilled professionals, v) suitable weather conditions at the time planned surveys are undertaken, especially in coastal waters, vi) SOPAC provides the required effective management of the programme.

None of the above assumptions are expected to be a major impediment to the project. SOPAC has been carrying out regional in-country work programmes for many years, and has a proven record of successful interventions in national capacity building and human resource development. All Pacific ACP States have been members of SOPAC for at least 16 years and have actively participated in its activities.

## **ANNEX B: Factors ensuring sustainability**

### **1 Ownership by Beneficiaries**

Sustainability of the Project is ensured through:

- Development of an ISM template that can be transferred to other Pacific ACP States.
- Capacity building by training technicians and professionals.
- Institutional strengthening using ICT network and infrastructure.
- Empowerment of communities by public participation in workshops and awareness programmes.
- Provision of ongoing advice from SOPAC's global work programme.
- Good governance tools such as plans, guidelines, policies and legislation.
- Ongoing monitoring and review of ISM in-country.

### **2 Cross-Sectoral Sustainability**

These aspects have been addressed in Section 2.2.3 - Results of Economic and Cross-Sectoral Appraisals.

### **3 National Policy Measures**

Project endorsement at regional level indicated commitment by the Pacific ACP States to establish the appropriate policy and regulatory frameworks at the national level.

## **4 Institutional and Management Capacity**

### **4.1 Regional Capacity**

SOPAC is an independent intergovernmental regional organisation established by South Pacific nations in 1972. Its mission is to improve the well being (poverty alleviation) of the people of its 18 member and associate member countries'. By promoting sustainable development through the optimal use of the region's natural resources, by minimising environmental degradation, and by mitigation of the impact of natural disasters.

The SOPAC global work programme focuses on three key areas; resource development (mineral resources, water resources, energy), environmental science (coastal, hazard assessment, ocean) and national capacity development (human resource development, information technology, disaster management, publications and library). To deliver these services effectively, SOPAC maintains a regional data centre, distributes information, and offers technical support and advice.

SOPAC's specialist expertise and experience, networks, infrastructure, equipment and information in the management of hazards, aggregates, water and sanitation, and information technology makes it by far the largest and most technically competent scientific agency in the region. It is therefore well placed to implement the Project.

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**1SOPAC member countries are Australia, Cook Islands, Federated States of Micronesia, Fiji Islands, Guam, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Papua New Guinea, Samoa, Solomon Islands, Kingdom of Tonga, Tuvalu, Vanuatu, French Polynesia and New Caledonia.**

## **4.2 National Capacity**

National capacity building is one of the primary outputs of the Project. Key interventions will include the transfer of technology essential to develop and maintain national spatial databases housed and operated in-country. The Project will provide equipment and technical training necessary to ensure the sustainability of ISM.

The Project design is neither 'top-down' nor 'bottom-up' in that it includes activities which involve all levels of civil society.

## **5 Complementarity and Sectoral Coordination Between Donors**

Traditional donors to SOPAC also support national programmes in the region. This ensures that there is no duplicity of project outputs, allowing for complementarity and effective co-ordination.

## **6 Economic and Financial Sustainability**

By improving access to water, sanitation and building aggregates, and reducing the risk of hazard impact, the Project will contribute to quality of life and human and economic security. Improved health, higher labour productivity, lowered cost of disaster management are some of the direct benefits that will eventually be reflected in the GDPs of the participating countries.



SOPAC / EU Project: Reducing Vulnerability of Pacific ACP States

LOGICAL FRAMEWORK

ID	Intervention Logic	Verifiable Indicators	Sources of Verification	Assumptions
<p><b>Overall Objective/ Project Goal</b></p>	<p>Reducing Vulnerability of Pacific ACP States through Integrated Planning and Management (Island Systems Management, ISM) at the Sectoral level, especially in the sectors impacting on hazards, aggregates and water resources</p>	<p>Island Systems Management established - focussing on three sectors (hazards, aggregates and water and sanitation) which will assist in the improvement in access to basic amenities, water supply, food, general health and sanitation, housing, infrastructure and a general decrease in poverty</p>	<p>Independent project evaluation report Country statistics Country development reports Vulnerability Indices such as the Environmental Vulnerability Index (EVI)</p>	
<p><b>Project Purpose:</b></p>	<p>The project purpose is to strengthen the capacity of the Pacific ACP States including through: the identification of alternative sources of aggregates for construction purposes; the planning of safe and adequate water supplies and sanitation systems; the development of comprehensive hazard and risk management tools for safeguarding of communities; and the provision of database and management tools for ISM.</p>	<p>Assistance in the goal of ensuring:</p> <ul style="list-style-type: none"> <li>• There are alternative sources of aggregate material for building</li> <li>• A safe and adequate water supply</li> </ul> <p>Communities are more resilient and prepared for hazard</p> <p>established</p>	<p>Reported reductions in unaccounted for water Field investigations verifying in quantitative means improved quality of coastal ecosystems Damage impact statistics Better building standards Reduction in volume of aggregate</p> <p>Scenario statistics</p>	<p>Pacific Island Communities want to reduce their vulnerability in these three focal areas In-country stakeholders support - the need for ISM and co-operate with the Project Team</p>

Result 1	Sustainable development of coastal zones, in particular through identifying alternative sources of aggregates.	<ul style="list-style-type: none"> <li>• Islands/coastal zone spatial and tabular databases including for aggregates established and operating for the 14 selected study areas by early 2006</li> <li>• Site-specific assessments completed by end 2005</li> </ul> <p>Project duration</p>	<ul style="list-style-type: none"> <li>• Maps</li> <li>• Technical Reports</li> <li>• Area-specific Advisory Reports</li> <li>• Policy Guidelines</li> <li>• Workshops/ training conducted</li> </ul>	Country stakeholder agreement on study areas and site selection
Result 2	Improved planning practices installed for safe and adequate water supplies and sanitation systems	<ul style="list-style-type: none"> <li>• Catchment area spatial and tabular databases developed and operating for water resources, supply and sanitation in the 14 selected study areas by end 2005</li> <li>• Site-specific assessments completed by end 2005</li> </ul> <p>strengthened throughout Project duration</p>	<ul style="list-style-type: none"> <li>• Maps</li> <li>• Technical Reports</li> <li>• Area-specific Advisory Reports</li> <li>• Policy Guidelines</li> <li>• Workshops/ training conducted</li> </ul>	Country stakeholder agreement on study areas and site selection
Result 3	Implement comprehensive hazard and risk management tools within the framework of an Integrated Holistic Approach for Sustainable Development (Island Systems Management)	<ul style="list-style-type: none"> <li>• Comprehensive hazard and risk management spatial and tabular databases developed and operating in the 14 selected study areas by end 2005</li> <li>• Site-specific assessments completed by end 2005</li> </ul> <p>Project duration</p>	<ul style="list-style-type: none"> <li>• Maps</li> <li>• Technical Reports</li> <li>• Area-specific Advisory Reports</li> <li>• Policy Guidelines</li> <li>• Workshops/ training conducted</li> </ul>	Country stakeholder agreement on study areas and site selection

<b>Result 4</b>	ISM infrastructure established and in use in each country	<ul style="list-style-type: none"> <li>• ISM Tools setup and operational by 3rd quarter 2005 in all countries</li> <li>• In-country ICT network</li> <li>• Dial-up email links in place</li> </ul>	<ul style="list-style-type: none"> <li>• In-country Data Resource Centre established</li> <li>• Country local and wide area networks</li> <li>• National Data Sharing Guidelines</li> </ul>	Country stakeholders agree on: <ul style="list-style-type: none"> <li>• Location of in-country Data Resource Centre</li> <li>• Extent of communications</li> <li>• Data Sharing Policy</li> </ul>
<b>Result 5</b>	Strengthening the capacity of Pacific ACP States	<ul style="list-style-type: none"> <li>• 5 Information brochures published per year</li> <li>• Regular (monthly/bi-monthly)</li> <li>• Email news released fortnightly</li> <li>• 9 Interns recruited by end of 2003</li> <li>• 15 -20 Fellowships awarded per year</li> <li>• National workshops/training convened with at least 20 participants per country per</li> <li>meetings convened per year</li> </ul>	<ul style="list-style-type: none"> <li>• Information brochures available in all participating countries</li> <li>• Press and stakeholders aware of</li> <li>• Project related email activity and information sharing</li> <li>• Project information available at all project levels, and stakeholders aware of project activities and outputs</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of country interns/trainees</li> </ul>

ID	Activity	MEANS	Cost (EUR 1,000)	DETAILS (EUR 1,000)
1.1	Coast to ocean surveys of selected sites	Technical Assistance Training /Workshops Equipment Administration & Operational Review & Evaluation & Audit/Consultancies/Internet Contingencies	9th EDF	2004 2005 2006 2007
1.2	Aggregate assessments completed			
1.3	Baseline geophysical information and related technical advice of proposed development sites provided		1,070	280 300 320 170
1.4	Coastal engineering assessments and advice provided		280	in country Ws 100+regio Ws 25+internships
1.5	Bathymetry and seafloor imagery maps ("habitat maps") for ecosystem management produced		395	90+fellowships 65. 120 30 30 15 data handing equipment
1.6	Baseline physical oceanographic data of proposed intervention sites acquired		489.6	100 50 50 image acquisition
1.7	Hydrodynamic models of selected sites provided			150 100 100 70 field survey/area expenses
2.1	Technical advice on appropriate resource abstraction techniques and approaches promoted for rainwater, surface and ground water resources provided		245	+ 69,6 (indirect cost for 4 years) short term expertise 75 + awareness campaign 45
2.2	Technical advice and capacity building in hydrological monitoring and resource assessment		70,4	internet access (technology) 35 + evaluation 50+ audit +40
2.3	Technical advice and capacity building in integrated and sustainable management and, protection of water resources provided		TOTAL	2,550
2.4	Drought vulnerability and response strategies developed			
2.5	Technical advice and capacity building in water demand management and conservation approaches and technologies promoted			
2.6	Technical advice and capacity building in wastewater facility management, specific focus on on-site sanitation and hygiene promotion provided			
2.7	Technical advice and capacity building in disaster preparedness of water and wastewater systems provided			
2.8	Technical assistance with the development of national legislation, policies, guidelines, strategies and plans for water and sanitation provided			

3.1	Risk Management processes integrated into national development planning (Island Systems Management)			
3.2	Disaster Management Legislation and Planning Arrangements strengthened			
3.3	Disaster Preparedness, Response and Coordination strengthened.			
3.4	Vulnerability assessment tools developed and applied			
3.5	Integrated scientific hazard assessment and risk reduction solutions promoted and applied			
3.6	Regional risk information infrastructure developed and maintained			
4.1	Acquisition, optional customisation, and integration of spatial and remote sensing data for member countries at SOPAC			
4.2	Appropriate, cost effective and sustainable technologies, and tools such as GIS and Remote Sensing for resource management promoted and used			
4.3	Establishment of National GIS and Remote Sensing open access data centres in SOPAC island member countries			
4.4	Technical support and capacity building for stakeholders in the development and management of information and communication systems.			
4.5	Technical support and capacity building for stakeholders in the use and application of information and communication systems			
5.1	Develop effective regional advocacy and communication			
5.2	Establish effective project information delivery at community and all stakeholder levels at the national level			

## **Annex D: Tentative Timetable**

- Signature of the Financing Agreement	January 2004
- Signature of the Rider to the existing Grant Agreement	January 2004
- Start of procedures for recruitment of 4 experts (suspensive clause)	Nov 2003
- Conclusion of contract with individual experts (after signature of the FA and of the rider to the existing grant agreement)	February 2004
- Start of project activities (extension)	February 2004
- Mid-term Review (covering on going and extension)	December 2004
- End of project activities	June 2007
- Evaluation	July 2007
- Period of closure (24 months), up to	June 2009
- Final date of execution	30/06/2009