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Subject: 10th EDF Pacific Regional Programming

Attachments: [10th EDF Pacific Regional Programming.doc\(71KB\)](#)

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Dear Forsec colleagues and Nicolas,

I realise that you would have preferred receiving this before the NAOs meeting on Friday but I am afraid the notice given last Tuesday (my first day back from leave) was simply too short in view of many other priorities. I have therefore come in on Sunday to update you on the state of play of Pacific Regional Programming as seen from the EC perspective so that you can take it into account in reporting to the PACP Trade Ministers.

The key principle to bear in mind is that from the EU perspective, the conclusion of an EPA and EDF Programming are inseparable. They can be seen as two pillars of a single strategy aimed at sustainable development of the Pacific ACP.

10th EDF (regional) programming can only be finalised once EPA negotiations are concluded - successfully or unsuccessfully - since it must remain responsive to the outcome.

I would ask you to use the attached indications as guidance for your programming work with the Regional Delegation in Suva. They (HE Ridolfi, Mr De Ræve and Mrs Van De Velde's successor, Ms Ritva Sallmen) have been fully briefed on the attached scenario during their missions to Brussels at the end of June. I am sending these notes as Deputy Head of the Pacific Unit at the request of my Head of Unit and with clearance from my acting Director. Should you require them in fax format, please let me know. I am not in a position to send you a note signed at a more senior level as the Commission has now entered its summer recess and the most senior DG DEV officials are on leave.

An official letter will, however, be sent to the RAO concerning the 25% top-up to the initial 10th EDF Pacific regional allocation of € 76 222 466 as this announcement was made by Commissioner Michel verbally to the two Pacific EPA Ministers (Messrs Keil and Oti) when they met him and Commissioner Mandelson on 19/07/07 (Peter, were you there?). It is very important that the PACP Trade ministers, the RAO and NAO's understand as from now that we have € 95 million of Pacific regional funds to programme under the 10th EDF PRIP and not just the € 76 million initial allocation (this is in implementation of Commissioner Michel's letter to the RAO of 23/05/06 which mentioned the possibility of an *incentive tranche*).

Looking forward to hearing of the outcome of the Ministers' meeting, warm regards from - an unusually sunny - Brussels!

Francesco.

PS: NICOLAS, please see if you can pass this message (and the attachment) to Forum DSGs Forau and Teo Teo as I am not sure that they will be checking their e-mails or that it will be forwarded to them from Suva.

10th EDF Pacific Regional Programming

State of play

- On the 6th May a **provisional text** was agreed between the Fiji Delegation and Forsec with a € 40 million HRD; € 30 million Sustainable Management of Natural Resources and € 6 million Non Focal Sector distribution
- No EC Headquarters position was taken on this as we are waiting for EPA negotiations progress to jointly adjust the text accordingly (see letter of DG Manservisi to the RAO of 17/11/06)
- On 19/07 Louis Michel announced a **€ 19 million increase** (as anticipated in his letter of May 2006)
- This means that we now have (€ 76 million initial allocation, plus € 19 million top-up) **€ 95 million for the RIP.**

Looking forward, this € 95 million needs to be used to match foreseeable EPA chapters.

Seen from the EC perspective, by way of illustration, this could look as follows:

EPA Title / Chapter	RIP Meuro	Type of programmes
EPA Title	Mio €	Indicative use
Trade in goods	19	Application of modern customs techniques, simplification and harmonisation Compliance with sanitary and phytosanitary legislation
Fisheries + Agriculture chapter	30	Measures to increase competitiveness; Promotion of good governance, management Promotion of investment. Research and development to ensure sustainability of natural resources
Services including the Temporary Movement of Workers (Mode IV)	35	Institutional support and investment - especially in HRD/skills upgrading
Total Focal	84	
Non Focal	11	PMU for multi NIP programmes; Non state actors; EPA institutional support; TA to RAO; TCF
Sum Total	95	

Note: Of the total EPA-related € 84 million shown above, an appropriate proportion could be implemented through a "Trade and Development Facility" (initially presented by the PACP EPA negotiators as a 'Facility for adjusting to EPA'). The advantage being that all donors could contribute TRA through such a facility.

Timing of programming: If a Pacific EPA is signed 1st December 2007, regional programming could be finalised before the end of the year.

NB: As the RIP now stands, no EPA would mean re-programming approximately 48% of the RIP.

A goods-only EPA would mean re-programming approximately 26% of the RIP.

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Way forward:

We will soon need to know whether goods, services and fisheries chapters can be agreed in the EPA and in what configuration (eg how many PACP will sign the goods chapter?)

Roadmap

August-September 2007

- The PACP study the setting up of a *Trade and Development Facility* and demonstrate to the Commission that that it can constitute a secure structure
- The *RPTF ToR* are endorsed at the Trade Ministers meeting in Vanuatu on 2-3 August and the *first meeting* of the RPTF takes place following the next JTWG.
- Broad *provisional agreement on the RIP* is reached at the above RPTF meeting.

October-December 2007

- Legal EPA text agreed and *Programming is finalised* accordingly (sectors, some programmes, an idea of who implements but not a prerequisite).

December 2007 – 1st half 2008

- Formal RSP/RIP approval procedure. See Annex 2, the *Programming Process* in "10th EDF Programming Guidelines – Annex B: Standard Structure for RSPs" of 05/05/06.

Timor Leste

Please note that **Timor Leste** will be formally consulted by the EC shortly (and should be consulted by the RAO). The East Timorese authorities will be given the option of mandating the Secretary-General of the Forsec to sign the RSP on their behalf (as he will does on behalf of the Forum ACP) or of signing in their own right.

Concerning access to funding, our proposal would be that Timor Leste be given the **possibility of proposing or participating** in 10th EDF PRIP programmes when it can demonstrate the quantifiable and verifiable economic, social or environmental benefits and cost-effectiveness of such participation.

I hope this clarifies the Pacific Regional Programming situation as it currently stands. Mr **Berlanga Martinez** is at your disposal for further explanation and to refer any further questions to Headquarters for clarification.

Francesco Affinito
Deputy Head of the Pacific Unit,
DG DEV

Brussels, 29/07/07.