QUARTERLY PROGRESS
REPORT – FIRST QUARTER
2006

Gerhard Zieroth
Project Manager

PI EPSAP Project Report 58

April 2006

~ Participating Pacific Islands Countries ~
Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu
QUARTERLY PROGRESS REPORT

Quality Record Sheet

Document       UNDP Reporting
Ref             C:\Documents and Settings\Gerhard\My Documents\PIEPSAP\UNDP\Reporting\QPR4-05-master.doc
Date            April 2006
Revision        Revision: 2

Description
Quarterly Report 1st Quarter 2006

Originator
Author: Gerhard Zieroth

Checked
Reviewer: Yogita Chandra

Approved
Name: Gerhard Zieroth
Position: Project Manager
QUARTERLY PROGRESS REPORT

1. Country:

Pacific Regional: Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu

2. Project Number/Code: 00032329

3. Project Title: Pacific Islands Energy Policies and Strategic Action Planning (PIEPSAP)

4. Executing Agency: SOPAC South Pacific Applied Geoscience Commission

5. Period Covered: 1 January – 31 March 2006

6. Summary of Overall Project Progress:

During the reporting period development and refinement of national energy policies and strategic plans continued. Draft national energy policies have now been developed for eight countries, in seven countries these were followed up by operational level strategic action plans. Training and capacity building also continued mainly in the form of multi-stakeholder workshops. In several countries including Cook Islands, Tuvalu and Fiji project development and the identification of financing or co-financing partners has taken priority. With rules and procedures of the European Union Energy Facility becoming clearer now, PIEPSAP has offered Pacific ACP countries assistance in developing proposals under this new facility.

7. Specific Outputs/Results Achieved (As per quarter work-plan):

In the first quarter of 2006 co-operation with Pacific power utilities was significantly expanded. A full scale GIS/MIS system has been established for the Tuvalu Electricity Corporation TEC that provides TEC with state of the art tools to manage assets, schedule system expansion and asset maintenance and perform socio-economic surveys. Moreover the system allows responding to hazardous events such as flooding of low-lying electrical installations and managing and mitigating negative impacts on the utility and power consumers. In the Cook Islands, extensive consultation with a variety of stakeholders allowed to address the first priority of the Cook Island Energy Action Plan (CIEAP). The feasibility study developed for a wind farm in Rarotonga was updated and presented to the stakeholders. Consultations with the donor community demonstrated interest from EU/EDF and/or EU-Energy Facility. In Pohnpei, a power utility Tariff study has been incepted that is co-financed for PIEPSAP, the US Department of Insular Affairs and the utility PUC. The study is expected to become a model for the region where the power utilities’ common concern is how to cope with sharply increasing supply cost for fuel without imposing hardship on low income power consumer. In the reporting period there was also significant activity with respect to the development of a forward work load. New requests for assistance were received from Vanuatu (policy review and biofuel feasibility for Torba), Samoa (GIS/MIS for power utility EPC) and from the Fiji Department of Energy (biofuel Rotuma).
7.1 Country Overview

The following table summarizes the status of PIEPSAP per country. By clicking the hyperlinks more detailed information can be obtained from SOPAC’s webpage. In line with PIEPSAP’s flexible “Menu of Options” approach the project has assisted the participating countries to develop a diverse portfolio of initiatives ranging from national energy policy frameworks and strategic planning to regulatory reforms, introduction of modern energy management systems and project development. A snapshot description of activities is provided in the country overview below.

### Cook Islands

- Population: 19,000
- Land: 240 Km²
- Power Access: >90 %

**Focus of co-operation on policy, institutional strengthening and action planning/project development.**

- Cook Island Energy Action Plan (CIEAP) developed in 2005 with emphasis on energy security, energy conservation and renewable energy development.
- PIEPSAP support for CIEAP includes feasibility study on biofuels and design of energy conservation program.
- Project development includes solar pumping for Mauke Island and a wind project for Rarotonga.
- Feasibility study for wind project presented and discussed in stakeholder workshop.
- On site wind measurements prepared.

### Fiji Islands

- Population: 850,000
- Land: 18,300 Km²
- Power Access: 60 %

**Draft National Energy Policy produced and revised as a result of multiple stakeholder workshops and broad consultations.**

- Strategic Action Plan under preparation.
- Co-operation with Asian Development Bank REEP established.
- Capacity building undertaken and SWOT workshop implemented for the Department of Energy.
- Review of regulatory framework for electricity sector performed. PIEPSAP analysis found weaknesses: IPP procurement, Tariffs, System Expansion Planning require strengthening of regulatory regime. Recommendations developed how to address weaknesses through short-term measures and medium term strategies.
- Development of a procurement guideline for IPP/PPP projects recommended.
- Assistance provided to local landowner company to develop IPP hydro project in the Namosi Highlands.
- Support to Drawa village sustainable electrification in co-operation with GTZ/SPC.
- Assistance in the development of national biofuel strategy.

### Marshall Islands

- Population: 55,000
- Land: 181 Km²
- Power Access: 60 %

**Focus on development of National Rural Electrification Strategy using solar and coconut oil (CNO) based biofuel.**

- Capacity building for energy planner performed through attachment at SOPAC secretariat.
- Review of Namdrik rural electrification project completed as part of strategy development.
- Draft Rural Electrification Strategy with focus on financial sustainability, technical and social feasibility and supply/demand match issued in January 06. Co-ordination with EU RAP 5 project established.
Niue
Problem analysis performed, priorities for PIEPSAP co-operation defined in the area of National Energy Policy development and strategic action planning.
- Updated National Energy Policy Statement developed in a consultation workshop involving government and private sector stakeholders.
- Niue Energy Action Plan (NEAP) developed, focus on energy security, environment and development of indigenous energy resources.
- Solar electrification and pumping project developed as lead activity under NEAP.
- Follow up on solar project now under way.

Papua New Guinea
Various consultations undertaken priorities for PIEPSAP co-operation defined in the area of National Energy Policy development and the Rural Electrification Policy.
- Assistance in developing policy frameworks for energy and rural electrification
- Participation in policy development workshops of the National Task Force
- Draft policy statement circulated amongst major stakeholders
- Co-ordination of activities with World Bank

Solomon Islands
Priorities for PIEPSAP co-operation defined in the area of National Energy Policy development.
- Co-operation with World Bank initiated.
- PIEPSAP work plan endorsed by the Government of Solomon Islands.
- Assistance in the establishment of National Task Force consisting of Attorney General Chamber, Department of Environment, National Planning and Aid Coordinating Department, Finance and Treasury Department, Infrastructure Development Department and the Energy Division.
- National policy development workshops supported and draft set of policy statements on twelve strategic developed
- Review of utility restructuring plan presented by World Bank reviewed upon request of SI Government. Review endorses concept of a competitively tendered management contract as a first step towards more fundamental reforms in SI utility industries.
- Review of SI Electricity Act and development of regulatory framework for rural electrification tendered, project expected to start in April 2006.

Federated States of Micronesia
Consultations undertaken in all four states, problem analysis performed, priorities for PIEPSAP co-operation defined in the area of utility tariff policy (Pohnpei), rural electrification (Yap, Kosrae) and state energy policy (Chuuk).
- Co-financing of tariff study agreed upon for Pohnpei (US Department of Insular Affairs and Pohnpei Power Utility)
Assistance in procurement of consultants through open tender, model tariff study.
Tariff study incepted in March 2006
Chuuk Energy Policy statement reviewed and PIEPSAP inputs provided.

**Kiribati**
Consultations undertaken, problem analysis performed, priorities for PIEPSAP co-operation defined in the area of fuel supply and biofuels.
- Co-operation with Pacific Island Forum Secretariat established in the field of energy security and petroleum supply management.
- Biofuel strategy paper developed in co-operation with Energy Office and Kiribati Copra Company
- Strategy presented and discussed at sub-regional workshop in Vanuatu.
- Biofuel trials with CNO currently under way in Kiribati, technical backstopping provided by PIEPSAP’s research assistant.
- National Biofuel Workshop prepared for April 2006.

**Nauru**
Request for PIEPSAP assistance received from GoN, focus on energy policy development. Attachment for Energy Planner organised at SOPAC.
- Attachment cancelled twice by Nauru due to other commitments of official.

**Palau**
Consultation mission undertaken, problem analysis performed.
- Priorities for PIEPSAP co-operation defined in the area of energy conservation policies and strategies with emphasis on the development of sustainable institutional structures
- Assistance in the preparation of the European Union/EDF 9 renewable energy and energy conservation projects.

**Samoa**
Several consultation missions undertaken, priorities for PIEPSAP co-operation defined in the area of National Energy Policy development.
- Two policy and strategy development workshops held.
- Draft policy statements and strategies produced in September 2005.
- National task force currently reviews strategies, strategies to be refined by National Energy coordinator considering comments received.
- Formal submission to Cabinet planned as soon as new government is in place.
- Two community level public consultations, one in Savaii and one Apia with representatives from NGOs and private sector.
- GIS/MIS for power utility scoped and agreed as PIEPSAP priority for 2nd and 3rd quarter 2006, mission scheduled in April.

**Tonga**
Consultations undertaken, PIEPSAP work program endorsed by Government of Tonga.
- Draft Renewable Energy Policy Framework developed as a result of a multi stakeholder workshop.
- Draft circulated to various stakeholders in government private
7.2 Summary of Results achieved as per Outputs and Activities in Project Document

The following table contains a cumulative summary of project results against the outputs and activities listed in the PIEPSAP project document.

<table>
<thead>
<tr>
<th>Outputs and Activities for Outcome 1: Needs and Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy policy and planning needs and opportunities have been identified and prioritized</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Activities</th>
<th>Results achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Tuvalu

- Broad variety of projects successfully established with assistance in the establishment of a National Task Force made of representative form the private sector, public sector and civil society.
- Draft energy policy statement developed in multi-stakeholder workshop.
- Strategic Action plan prepared in March 2006 currently reviewed and refined by Tuvalu task force.
- Support to power utility (TEC) in the field of management Information Systems/GIS appraised, co-financing and co-operation established with SOPAC EU project.
- Implementation of MIS/GIS project completed by March 2006 as multidisciplinary multi-stakeholder exercises both at SOPAC and at national level.
- MIS/GIS follow agreed start scheduled for April until December 2006 (Upgrading of TEC equipment, expansion to seven outer islands, deepening analytical capabilities, broadening of application).
- Co-operation agreed upon in the area of reducing fossil fuel consumption of TEC (renewable energy resource assessment wind and biomass) and facilitation and locating renewable energy funding from EDF 10 and EUEF.
- Co-funding agreed with ADEME project Alofa Tuvalu in the area of energy conservation awareness building.

Vanuatu

- Contact with energy authorities, national power utility UNELCO and private sector stakeholders established.
- Co-financing of and participation in biofuel workshop in Vanuatu.
- PIEPSAP assistance for rural energy initiative, biofuel activities and geothermal development currently appraised, official request for PIEPSAP assistance received March 2006.
- Mission scheduled for second quarter 2006.
<table>
<thead>
<tr>
<th>Output 1.1: Agreement has been reached with partners on overall project activities for years 1-3, with detailed activities and priorities for the coming year</th>
<th>1.1.1 Detail the activities and implementation plan and ensure better focus, ownership and dialogue with the 14 target PICs and relevant regional organisations</th>
<th>Circulars issued, PIEPSAP Webpage operational, consultations held with UNDP Apia and UNDP Suva, ADB, EU, EUEI, NZ-Aid, PPA, SPC, EWG, GTZ Regional Forestry Project, World Bank and private sector companies. Work plan for full project life (3 years) developed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1.2 Regional planning and consultative meeting held early in the first three months (i.e. quarter 1) of project</td>
<td>Meeting held with energy sector stakeholders from 13 countries, and representatives from Forum Secretariat, PPA, USP, SPREP and UNDP/UNESCAP. Mode of operation and project document discussed and endorsed. Project document accepted as implementation guideline until mid-term review.</td>
<td></td>
</tr>
<tr>
<td>1.1.3 Detailed year 1 overall work plan developed within Q1 of project</td>
<td>Work plan for year 2005 developed from in-country consultations and regional consultation meeting. The plan is designed as a living document that is regularly updated in line with events, dates and inputs.</td>
<td></td>
</tr>
<tr>
<td>Output 1.2: Overview report produced on the status of PIC energy policies and plans</td>
<td>1.2.1 Assess status of energy policy and planning needs, opportunities and constraints in the region overall (through the project and other initiatives) including coverage of individual countries</td>
<td>PIREP country reports reviewed, dialogue with countries continued, problem analysis performed for all countries in which consultations were held, recent policy papers for Cook Is, Niue, PNG, Samoa, Tonga, Tuvalu and Solomon Islands reviewed.</td>
</tr>
<tr>
<td>Output 1.3: Agreement reached with individual PICs on national / in-country project activities for years 1-3, with detailed activities and priorities for the coming year</td>
<td>1.3.1 Initial national consultations completed for each PIC with aides-mémoire prepared (as required) on national mechanisms for implementation</td>
<td>Detailed in-country consultations held with Cook Islands, Fiji, FSM, Palau, Niue, Kiribati, PNG, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga and Tuvalu. National country teams and task forces are being assembled. Agreement reached with Cook Islands, Fiji, FSM, Kiribati, PNG, Marshall Is, Niue, Samoa, Tonga and Tuvalu for energy policy development and energy sector planning support. Work program under discussion for Palau. Additional requests received from SIEA Solomon Islands, EPC Samoa, TEC Tuvalu (MIS/GIS) and Cook Islands in the field of up-grading energy unit. Contact established with Nauru. Vanuatu officially requested assistance. Missions scheduled for 2nd quarter 2006.</td>
</tr>
<tr>
<td>1.3.2 Work plan for year 1 prepared and agreed for national activities</td>
<td>Work plan for 2005 developed and distributed. Work plan for 2006 developed, up-dated and published on web.</td>
<td></td>
</tr>
</tbody>
</table>
Output 1.4: Reports on status of national energy policies and plans in each PIC

1.4.1 National energy policies and plans reviewed
- Overview on energy policy and plans available, further analysis and updating under way
- In-country consultations in 13 countries with a broad range of stakeholders from both public and private sectors resulted in the definition of energy policy and planning needs and priorities. Vanuatu and Nauru Consultations scheduled for 2nd quarter 2006.

Output 2.1 A flexible and practical guideline has been produced for developing PIC national energy policies

2.1.1 Provide assistance as required to the CROP EWG to review and update the policy section of the Pacific Islands Energy Policy & Plan
- PIEP revised updated and printed under PIEPSAP funds for wide distribution. PIEP now ready for endorsement by energy ministers. Contributions made to content and form.

Output 2.2 National energy policies have been developed and adopted at Cabinet level

2.2.1 Assist PICs to prepare overall national energy policies
- National energy policy statements drafted (or revised) and discussed with stakeholder organisations in Chuuk/FSM, Cook Islands, Fiji, Niue, PNG, Tonga Tuvalu, Solomon Islands and Samoa. Most policy frameworks undergoing internal review by stakeholders. Strategic project development for Cook Island wind energy supply ongoing.

2.2.2 Assist PICs (if required) to obtain political endorsement of the policies
- Minister, Governor and CEO level consultations on policy endorsement held in Cooks, Fiji, FSM, Niue, Palau, Marshall Is, Kiribati, Samoa, Solomon Islands, Tonga, Tuvalu and PNG. Workshops supported and facilitated in 12 countries. National energy policy for Tuvalu endorsed by cabinet. Fiji national energy policy further promoted through consultations in March 2006.

Output 3.1 Overview report on suitable approaches for PICs on practical and achievable energy planning

3.1.1 Working with (or through) the CROP EWG, research and prepare report on approaches for practical & achievable energy planning
- PIEP revised and updated, now ready for endorsement by energy ministers. Further the PIEP associated action plan i.e. PIEPSAP has been updated through CROP EWG. Broad consultations held with all relevant stakeholders of CROP EWG, regular reporting of PIEPSAP progress to the EWG, exchange of information
<table>
<thead>
<tr>
<th>Output 3.2 Enhanced capacity among PICs for energy policy and planning formulation</th>
<th>3.2.1 Attachments of PIC nationals at SOPAC (or elsewhere in the region) for on-the-job training in formulation of energy policies and plans</th>
<th>Training attachment and networking for Marshall Is Energy Planner successfully implemented in March 2005. Development of ToR for rural electrification analysis developed for the Marshall Islands. SOPAC attachment planned for Nauru director of projects, unfortunately cancelled twice by GoN. Request to finance a energy planner for Nauru appraised in consultation with UNDP. Supervision and marking of research paper of Cook Island energy planner. TEC distribution engineer’s attached planned for April in the field of MIS/GIS based energy planning.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 3.3: Practical strategic energy action plans</td>
<td>3.3.1 Help the PIC develop energy sector action plans energy chapters of national development strategies, or other practical and achievable plans, with clear priorities, as appropriate to the national planning system</td>
<td>Review of strategic energy plan for Cook Islands completed. Preparation of Rural Electrification Strategy for Marshall Is under way. The work plan for the Tonga renewable energy policy framework has been developed and is currently being reviewed by the national Task Force members. Tonga energy office advised on issues related to procurement of IPP wind project. Kiribati biofuel strategy developed, further assistance in data collection and processing provided by PIEPSAP research assistant.</td>
</tr>
<tr>
<td></td>
<td>3.3.2 Assist the PICs integrate the energy plans into the government budgetary process</td>
<td>Under consideration for Cook Islands, Solomon Islands, PNG, Fiji and Marshall Islands. Budgetary work constraint as considered as sovereign issue.</td>
</tr>
<tr>
<td>Output 3.4: Appropriate institutional arrangements for effective energy planning &amp; implementation</td>
<td>3.4.1 Assist PICs to develop more appropriate institutional forms within the public service with clear policy &amp; planning powers and responsibilities for the office responsible for energy matters</td>
<td>Review of regulatory framework of Fiji’s electricity sector performed and discussed with the Fiji energy policy task force and utility and recommendations developed to strengthen regulatory framework for Fiji power industry. Energy portfolio of Cook Island energy division revised. Contribution by PIEPSAP to upgrade institutional capacities currently assessed.</td>
</tr>
</tbody>
</table>
3.4.2 In-country workshops with government stakeholders on need for effective energy offices

Two workshops held on regulatory framework for electricity in Fiji. Two workshops on energy policy development.

End of mission workshop (rural electrification review) held in Marshall Islands.

Two workshops held in Tuvalu on national energy policy development, one on GIS/MIS application (March 2006)

Workshop held in Tonga on renewable energy policy development.

Two workshops for the development of the national energy policy framework held in Samoa.

Regional workshop on biofuel strategies held in Vanuatu.

Two national energy policy development workshops successfully held in Niue and Cook Islands.

## Outputs and activities for Outcome 4: Mechanisms

**Practical mechanisms to implement the action plans have been developed and adopted at national level**

<table>
<thead>
<tr>
<th>Output 4.1</th>
<th>4.1.1 Prepare case studies on approaches which have been tried in other PICs and other small states indicating advantages &amp; disadvantages of mechanisms for effective control of petroleum storage, managing fuel use in ground transport, maintaining fuel quality to remote areas, establishing fuel price control systems which do not disadvantage poor and remote people, pro-poor lifeline tariffs, etc.</th>
<th>Model tariff study including lifeline mechanisms under way with PUC of Pohnpei, Co-financing arrangements with USA in place for tariff study. Lifeline tariff implications and modalities included. In a co-financing arrangement with USP and the SOPAC biofuel project PIEPSAP supports a research project on biofuel production in Fiji. Preparation of case study on rural biofuel use under way with support from MSc student from TU Aachen, Germany.</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1.2 Guidelines and model agreements (for example) for calculating current subsidies (explicit and hidden) for energy services, independent power production etc</td>
<td>Cross subsidies for domestic power consumers discussed with TAU in Cook Islands ToR for model tariff study in Pohnpei jointly developed with power utility.</td>
<td>---</td>
</tr>
<tr>
<td>Output 4.2: Model legal tools, regulations &amp; incentives for implementation of PIC energy policies and plans</td>
<td>4.2.1 Model legislation suitable for PICs (for example) for requiring power utility energy efficiency services, establishing Renewable Energy Service Companies, establishing Energy Efficiency Service Companies, National Energy Acts, etc.</td>
<td>RESCO Charter for Fiji reviewed. Fiji Electricity Act, Commerce Act and Public Enterprise Act reviewed in the framework of FEA regulatory review. Development of a procurement guideline for IPP/PPP projects proposed for Fiji. Review of Solomon Island Electricity Act and development of regulatory framework for rural electrification requested by SI Government. Project currently tendered to consulting industry. Inception planned for April/May.</td>
</tr>
<tr>
<td></td>
<td>4.2.2 Model regulations suitable for PICs (for example) to regulate commercialised or privatised power utilities in the public interest, standards for energy efficiency, etc.</td>
<td>Review of regulatory framework of Fiji’s electricity sector performed and discussed with Fiji energy policy task force and utility and recommendations developed to strengthen regulatory framework for Fiji power industry. Critical issues included regulation of tariffs, strategic planning and IPP procurement. Short and medium term measures developed to strengthen power sector regulation in Fiji. Restructuring and regulatory regime proposed by World Bank for Solomon Island power utility reviewed. Consultation on regional regulatory assistance ongoing with ADB and World Bank.</td>
</tr>
<tr>
<td></td>
<td>4.2.3 Model economic and fiscal incentives and taxes for government bodies, statutory organisations, businesses or individuals incurring expenses for improved energy services to remote areas, renewable energy systems, energy efficiency, etc.</td>
<td>RESCO Charter for Fiji reviewed. Review of the regulatory functions of the Fiji Electricity Authority (FEA) covered efficiency gains through improved accounting of its social obligations (rural electrification) and tax obligations.</td>
</tr>
<tr>
<td></td>
<td>4.2.4 Where appropriate and required, assist the PICs to adopt the mechanisms which have been developed</td>
<td>Continuous support to Fiji Ministry of Public sector reform on implementation of regulatory reforms in the power sector.</td>
</tr>
</tbody>
</table>
Output 4.3 Country specific case studies, guidelines and model agreements on practical mechanisms to implement PIC energy policies and plans

| 4.3.1 Assist PICs prepare case studies as in 4.1.1 for practical application at the national level. | Regulatory review performed for electricity sector in Fiji. Practical recommendations for improvement of regulatory framework developed and discussed with key stakeholders. Assistance to GTZ/SPC forestry project in the development of a sustainable energy supply for Drawa village, Vanua Levu, Fiji. |
| 4.3.2 Assist PICs prepare guidelines and model agreements as in 4.1.2 for practical application at the national level. | Procurement guideline for IPP under discussion in Fiji, model arrangement for rural electrification projects under development for Marshall Islands. Model procurement guideline under preparation for IPP projects. Model power purchase agreement under development for possible wind energy IPP in Cook Islands. |

**Outputs and activities for Outcome 5: Visibility and Understanding**

*Increased visibility and understanding of key energy issues at regional and national levels*

<p>| Output 5.1: A good understanding by regional organisations of the EWG, PICs and other relevant parties of the range of regional and national energy sector initiatives underway and planned, and opportunities / synergies arising from these initiatives | 5.1.1 Review mandate/TOR, functions, membership and effectiveness of the CROP EWG as per the directive from the CROP (year 2003) in consultation with the current EWG members including the preparation of a report and recommendations for submission to the CROP in 2004. Initiated discussion with members of the CROP-EWG for the purpose of gaining insights into the EWG’s roles and how effective it has been over the years. In our discussion with the Chair of the EWG it has been revealed that members unanimously agreed that the EWG is performing an important role in the coordination of regional energy programmes. This led to a revised version being developed and subsequently endorsed by the Heads of CROP in their meeting in late 2004. The concept of having an independent review of the CROP EWG as highlighted in the PIEPSAP document may need to be reconsidered in light of the recent review and that the Heads of CROP had given its endorsement of the revised version. |
| 5.1.2 Provide input such as technical assistance in the areas of energy policies and strategic action planning and support to a Regional Energy Meeting (REM) of energy sector and planning / finance officials in year 2004 to the extent that it is needed, justified and practical | REM and PIEPSAP consultations held in Nov/Dec 2004. Results documented and discussed at EWG level. Joint regional energy meeting planned for December 2006 in co-operation with Pacific Island Forum Secretariat. |</p>
<table>
<thead>
<tr>
<th>Output 5.2: Information on energy policy and planning, and effective mechanisms to implement policies and plans widely disseminated within PICs.</th>
<th>5.2.1 Design and implement a regional energy website with all key reports of PIEPSAP, SOPAC energy sector databases and links to other related sites of SPREP, SPC and possibly others</th>
<th>PIEPSAP website up and running, all reports available to public. Links to other relevant sites established.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 5.3: Increased understanding of the importance of energy in development at the national level</td>
<td>5.3.1 In country workshops, seminars, media messages (radio, newspaper), etc</td>
<td>Several radio shows, publications, newsletter articles, environmental show Radio Kiribati on biofuels prepared. Biofuel workshop held in Vanuatu. The National Tonga TV broadcast the significance of having a renewable energy policy framework during the consultation workshop held in early May. Gender awareness publications developed, produced and distributed in co-operation with Pacific Gender Network PEG. Support and financial assistance to the Regional Earth Day 2006 in developing posters. Joint project on energy conservation awareness agreed upon with AMDEME financed Alofa Tuvalu Project.</td>
</tr>
<tr>
<td>5.3.2 In-country briefings of decision-makers</td>
<td>Briefings held in all countries where national consultations have taken place</td>
<td></td>
</tr>
</tbody>
</table>

**Outputs and Activities for Outcome 6: Investments and Partnerships**

Opportunities for reliable, affordable and environmentally sound energy sector investments, partnerships and other follow-up within the PICs have been identified.

<table>
<thead>
<tr>
<th>Output 6.1: A study of appropriate funding and organisational mechanisms for regional follow-up to PIEPSAP, possibly including development of a concept proposal for a regional project to build upon PIEPSAP and related initiatives such as REEP and the PPA EUEI project</th>
<th>Close co-ordination with EDF 9 RAP 5 project, with EUEI and Energy Facility, ADB, World Bank. Preparatory work for EDF 9 renewable energy project included in PIEPSAP work program for Niue and Marshall Is.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 6.2: A report indicating the types of specific projects within the PICs which may be suitable for immediate follow-up through private or other investment</td>
<td>Contacts established to private investors and private sector participation encouraged in national task force teams</td>
</tr>
<tr>
<td>Output 6.3: Projects identified within the PICs for follow-up investment</td>
<td>6.3.1 Provide advisory services which develop, adapt, extend or follow-up from REEP, PIREP and other initiatives for assisting PICs in identifying and developing follow-up projects and possibly through a Phase II of PIEPSAP</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>6.3.2 Assist PICs prepare investment plans for opportunities identified through 6.3.1 above</td>
<td>Co-operation with UNDP Suva and UNDESA/SIDS in the development of a bio fuel strategy and investment program in Fiji. Contacts established with EU/EIB ADB and World Bank. Concept proposal prepared for regional project promoting PPP under the EUEI. Assistance offered to all Pacific ACP in developing competitive proposals under the EU Energy Facility. Call for proposals expected June 2006.</td>
</tr>
</tbody>
</table>
8. Challenges/Issues Encountered

Critical issues described in previous reports remain challenges for the project. Government energy administrations continue to be in-adequately resourced with senior staff allocating considerable time to represent their countries in numerous international events with sometimes little tangible benefits for the development of the national energy sectors.

With the EDF 9 RAP 5 project now fully operational, capacities of the 5 participating small ACP countries are particularly under heavy pressure. The closure of the ADB Initiative REEP has on the other hand reduced burden on the energy offices somehow. However, the call for proposals under the EU Energy Facility will once again exert substantial pressure, in particular because of the purely competitive nature of this Facility. This means that capacity constrains will be aggravated between June and September 2006.

In 2006, PIEPSAP has accelerated budget expenditures in line with the analysis provided in the 4th quarter progress report in 2005. However, under-spending is a still an issue. Further analysis revealed that the application of UNDP rules and procedures and somewhat arbitrary internal control procedures at SOPAC still heavily restrict management discretion of the PIEPSAP Manager which results in disputes, delayed payments and procurements. Administrative procedures and consultative processes took in many instances significantly longer than anticipated. As a minimum prerequisite to commit funds, SOPAC requires a written request. The Rotuma biofuel request originally send by Fiji Prime Ministers Office took 6 months until it as finally endorsed by Fiji’s SOPAC representative. More co-financing which is desirable as per the PIEPSAP ProDoc will continue to reduce cost to PIEPSAP.

A new challenge for the project is emerging: Physical and administrative work conditions keep deteriorating at SOPAC. More and more staff are cramped together in small rooms, noise levels already quite high in normal working situations are brought to painful levels when alarm sirens go off accidentally or the stand-by generator is switched on. Telecommunications are unreliable, access to SOPAC vehicles is difficult if not impossible and administrative requirements keep tightening.

On the up-side PIEPSAP had encouraging success mobilizing co-funding and scientific support across a number of SOPAC projects and departments. Co-operation with the EU project “Reducing Vulnerability of Pacific ACP States is now firmly established in capacity building and training, ICT, remote sensing, and GIS applications for power utilities and biomass resource assessments. Co-operation with the Ocean and Islands program has helped to strengthen the capabilities of the TEC GIS in the area of management of flooding hazards, Co-operation emerges with the water sections in the field of pumping technologies and sharing of GIS application for utilities. For a GIS/MIS project for the power utility of Samoa, the Manager of the Community Risk program has agreed to second a risk management expert to the PIEPSAP team in order to mobilise synergies and ensure comprehensive coverage of all needs of the utility. The fact that a cluster of power utilities will introduce similar planning and asset management software will also help to enhance the regional aspect of the project.

Outside co-operation also develops rapidly. It has been agreed with the EU Delegation Suva to formally offer TA to the Pacific ACP countries in the development of Energy facility proposals. With the ADEME financed project Alofa Tuvalu it has been agreed to co-finance an energy conservation and awareness campaign for schools in Tuvalu.

9. Solutions Applied (to address issues and challenges)

In the reporting period PIEPSAP has successfully continued to actively seek co-operation partners outside the government administration in utilities, the private sector, amongst NGO and the local consulting industry. A pilot project with Tuvalu electricity corporation has been implemented with remarkable success mainly due to the enthusiasm and strong participation of TEC staff in the
exercise. TEC took ownership of the project and demonstrated this by putting in substantial efforts with similar projects are now in the pipeline for Samoa, Cook Islands and Solomon Islands. There is also indication that ownership is stronger for those initiatives that contribute to transforming policies into energy sector investment and tangible results for utilities or consumers.

With respect to competitive pressure on weak capacities PIEPSAP will continue to co-ordinate with others with the aim not only to avoid duplication of efforts and conflicting advice but also with the aim to develop packages where true interagency co-operation demonstrates that synergies are possible.

With respect to budget concerns, 2006 has already sees a significant increase in expenditures as the project moved from policy development into more specialised activities such as project development, the establishment of management information systems, guidelines and legislative support. It also appears that consultations with SOPAC management has helped to increase awareness that cost effective operation does not necessarily mean to make expenditure of project resources difficult.

With respect to work conditions, the project has repeatedly logged complaints with management and has suggested solutions.

**10. Recommendations for Future Action**

With a large variety of activities now under way a picture has started to emerge where country contribution and ownership are good or satisfactorily and where PIEPSAP’s assistance is most likely to achieve the objectives of the project. It is recommended to consider consolidation of the project, document success stories, focus on securing the successes and communicate these experiences amongst the countries. It is also recommended to broadly assess the effectiveness of project execution in the current institutional context.

**11. Report Prepared By:**

Gerhard Zieroth, Project Manager

TEC Engineer Brown Manoa presents and demonstrates the newly established GIS at launch function attended by Hon Minister Letipi Pelesala