

ANNEX

1. IDENTIFICATION

Title	Kingdom of TONGA - Technical Cooperation Facility – Addendum No. 1 to Financing Agreement No. 9644/TG – CRIS No. FED/2006/18681		
Total cost €	Euros 710,000 <u>EC: Euros 710,000 broken down as follows:</u> - 9 th EDF NIP: Euros 500,000 - B-envelope 10 th EDF: Euros 210,000		
Aid method / Management mode	Project approach – partially decentralised management		
DAC-code	15010	Sector	Economic & Development Planning

2. RATIONALE

2.1. Sector context

The sector context is can be summarised as follows:

The TCF is designed to provide support to the implementation of the Country Strategy Paper and National Indicative Programme. One component of the TCF would also be used to support the agenda for Political Reforms. In addition, through the TCF, other short to medium term technical assistance requirements will be financed as needed (e.g. in all stages of the project cycle, in trade-related and other matter, environment and/or for the preparation of the 10th EDF). The TCF will also provide funds for the organization of conferences and seminars for training and capacity building of government officials and non-state actors on topics related to the priorities of the ACP-EU Partnership Agreement, such as democracy and human rights, sustainable development, trade, etc.

2.2. Lessons Learnt

Technical assistance has been an essential part of the major programmes in Tonga funded from the EDF. However, it was not always possible to optimize the use of technical assistance, for one or more of the following reasons:

- Difficulties in synchronizing mobilization of human resources with other programme components due to complex administrative and procedural reasons;
- Continued need for training and technical assistance in the supported sectors, including beyond the lifetime of traditional projects;
- Limited procedural knowledge, having hampered project preparation and implementation;

- High turn-over of staff working in the NAO's office and lack of knowledge of EDF procedures;
- Absence of, or impossibility of, long-term planning of conference participation, seminars or consultative processes on issues relating to general development, good governance and/or trade-related matters, leading to ad hoc requirements which could not be satisfied.

More particularly, lessons learned from previous technical cooperation and training projects in Tonga highlighted the need for:

- complementary training at all levels among all stakeholders and partners (government, NSA, private sector);
- a higher level of involvement and capacity building of state or non-state actors; developing linkages at regional level.

As a response to these observed shortcomings, training has been included as a possible use of this TCF. An advantage of the TCF is the flexibility and speed of its use to address needs arising in the framework of EC-Tonga cooperation, whether in the context of the project cycle or in other areas of EC-Tonga cooperation.

2.3. Complementary Actions

Under the recently signed FMO for the use of STABEX funds in Tonga, Technical Assistance will be provided in various areas, mainly covering project management, extension services, marketing strategies etc.

It is planned that for the implementation of the 10th EDF Renewable Energy programme a strong Technical Assistance will be necessary and thus provisions are made under the 10th EDF NIP for a Technical Cooperation Facility.

2.4. Donor Coordination

Donor coordination takes place in Tonga, in various informal or formal forms, on both cooperation and trade issues. This project does not impinge upon the actions of other donors nor does it depend upon them. The TCF will contribute to further enhance donor coordination and harmonization following the shift of the NAO's office to the Aid Management Division in the Ministry of Finance under which the majority of donors is already operating.

3. DESCRIPTION

3.1. Objectives

The overall objectives of the Financing Agreement is to are:

- The implementation of the Government's Development Strategy through the support of sound development programmes financed from the European Development Fund (EDF) and better donor coordination.
- Support to the Government's roadmap for political reforms..

The purpose of the present Addendum is to increase the financial ceiling of the Financing Agreement in order to add additional funds to the Technical Assistance Facility and support to the political reform agenda.

3.2. Expected Results and Main Activities

The results described in the initial financing agreement remain unchanged and can be summarised as follows:

- i) Identification, preparation and formulation of relevant programmes to be financed from the EDF and other resources (STABEX, Budget Lines, etc.);
- ii) The NAO's office and the (ministries and) agencies concerned will be enabled to speedy delivery of programmes according to EDF rules as well as monitoring (including tendering procedures) of ongoing projects - where this cannot be provided for in the projects themselves or other projects.
- iii) Audits and evaluations of projects financed through this initiative whenever they cannot be financed out of the project itself or where it is convenient or efficient to combine a number of audits/evaluations of related interventions.
- iv) Awareness-raising and education, resulting in increased understanding of issues relating both to specific programme-related matters and to general development, good governance and/or trade-related matters;
- v) Ongoing broad-based consultation process on political reforms as well as the implementation of agreed measures of reforms.

3.3. Stakeholders

The stakeholders listed in the initial financing agreement remain unchanged.

3.4. Risks and Assumptions

There are no risks and assumptions identified in the original Financing Agreement.

3.5. Crosscutting Issues

The Crosscutting issues, as described in the initial Financing Agreement, remain unchanged.

4. IMPLEMENTATION ISSUES

4.1. Implementation Method

The implementation modalities foreseen in the initial Financing Agreement remain unchanged. They can be summarised as follows:

The project will be implemented through partially decentralised management. The overall responsibility for the implementation of the programme lies with the National Authorising Officer, who may request the Commission to implement technical assistance contracts under

Article 23.6 of Annex IV of the Cotonou Agreement. All procurement, contracts and programme estimates under this Financing Agreement will be subject to 9th EDF rules and regulations.

4.2. Budget and Calendar

Budget

The purpose of Addendum No. 1 is to increase the financial ceiling of the Financing Agreement and in order to include the additional Flex 2007 allocation based on 2006 statistics.

Consequently, the budget is revised as follows:

ITEMS	ORIGINAL FA (in Euros)	ADDENDUM (in Euros)	New TOTAL (in Euros)
TAF	250,000	110,000	360,000
GT	35,000	0	35,000
Political Reform Agenda	200,000	100,000	300,000
Audit	5,000	0	5,000
Contingency	10,000	0	10,000
Total	500,000	210,000	710,000

Calendar

The Financing Agreement foresees an operational implementation period ending on 31/12/2010 and an execution period ending on 31/12/2012.

The present Addendum does not foresee any time extension.

4.3 Performance monitoring

The present Addendum does not foresee any modifications to the arrangements in the Financing Agreement.

4.4 Evaluation and audit

The present Addendum does not foresee any modifications.

4.5 Communication and visibility

All EC Regulations pertaining to visibility will be adhered to. Communication will be between the NAO and the EC Delegation in Fiji. In addition, there will be regular press and media briefings & updates on the project progress. The Press & Information Section of the EC Delegation in Fiji will be kept fully informed of project implementation by the NAO.