

Pacific Region Environmental Strategy 2005-2009

Executive Summary Draft

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This draft has been prepared under regional technical assistance No. 6039 as the Asian Development Bank (ADB) prepares a new Pacific Region Environmental Strategy to cover the period 2005—2009. Comments are actively solicited from all stakeholders and should be forwarded to Daniele Ponzi, Senior Economist (Environment), ADB, at pres@adb.org. The views expressed herein are preliminary, are **NOT FOR CITATION** but for consultation purposes, and do not represent the position of ADB or those of its member governments. The results will then be incorporated into the overall regional strategy to be completed during 2004.

CONTENTS

	<i>Page</i>
Introduction	3
Current Environmental Issues and Associated Responses	3
Special Characteristics of the Region	
Development and Environmental Challenges	
Key Environmental Management Issues	4
Freshwater Resources	
Coastal and Marine Resources	
Forest Resources and Land Use	
Waste Management and Urbanization	
Biodiversity	
Energy and Environment	
Climate Change and Variability	
Environmental Governance	8
National	
Regional	
Pacific Participation in Global Environmental Efforts	
Emerging Responses to Environmental Concerns	10
Institutional Capacity and Legal Frameworks	
Pacific Responses to Global Initiative	
Experiences with and Lessons from Environmental Assistance	10
ADB's Assistance	
Other External Environmental Assistance in the Pacific	
Accomplishments, Constraints and Lessons Learned	12
Building on National Environmental Management Strategies	
Utilization of the Council of Regional Organizations in the Pacific	
Pacific Engagement on Global Environmental Issues	
Replicating Local Successes	
Lagging Legal Frameworks	
Environmental Mainstreaming	
Regional versus National or Local Interventions	
Consultation, Participation and Awareness	
Framework for ADB Environmental Assistance in the Region	
Interventions at the Local Level	15
Improved Provision of Environmental Services	
Integrated Water Resources Management for Atolls	
Community-based Tourism and Biodiversity Conservation	
Interventions at the Subnational Level	16
Sustainable Tourism and Biodiversity Conservation	
Renewable and Efficient Energy Production and Use	
Management of Marine and Coastal Resources	
Interventions at the National and Sectoral Levels	17
Environmental Governance	
Environmental Mainstreaming at the Sectoral Level	
Mainstreaming the Environment into Development Planning	
Complementary Regional Interventions	18
Environmental Information Management	
Legal Frameworks for Environmental Management	
Sustainable Fisheries Management	
Energy Efficiency and Renewable Sources Development	
Adaptation to Climate Change and Variability	
Implementation Issues and Performance Measurement	20
Targets Set at the WSSD	
Millennium Development Goals	
Key Assumptions Behind the Strategy	20
Conclusion	21

Introduction

Pacific countries have a high level of economic and cultural dependence on their natural environment. In a region characterized by small land masses dispersed over the world's largest ocean, increasing stresses are being placed on the health and productivity of natural systems by the pressures of rapid population growth and a widening degree of pollution.

Addressing these concerns is vital to sustaining economic advancement and poverty reduction in the Pacific. It is important that ADB have a strong understanding of environmental and natural resources management issues and options if it is to be an effective partner in the region. On this basis, the *Pacific Region Environmental Strategy* (PRES) for 2005-2009 has been carried out to assess environmental conditions, trends and opportunities in the region and to prepare an operational strategy with specific interventions to support the region's sustainable development.

A participatory approach was utilized in formulating the PRES. Consultations and contributions were sought from a highly diverse range of stakeholders, and a PRES website has provided periodically updated information on the strategy's development and a venue for sharing comments and views on the draft document (see <http://www.adb.org/projects/pres>).

Complementary to the participatory approach, a series of case studies were commissioned to provide important field level context. These document and evaluate promising approaches for mainstreaming environmental considerations into sectoral planning and programming, and support the strategic and operational analyses in the PRES exercise.

Current Environmental Issues and Associated Responses

Special Characteristics of the Region. Pacific countries have custodianship over a large portion of the earth's surface. Their exclusive economic zones (EEZs) occupy 30 million square kilometers (km²)—an area more than 3 times the size of the People's Republic of China and 10 times larger than India. But the land area constitutes only 1.8%, with the total land area of ADB's Pacific developing member countries (PDMCs) only about 543,467 km², about 85% of that belonging to Papua New Guinea.

Agriculture and fishing remain the main economic activities, and for many communities and countries these sectors represent the sole source of income and exports. The Cook Islands, Samoa, and Tonga export a wide range of agricultural products. Sugar is a major export of the Fiji Islands, while in Papua New Guinea, coffee, cocoa, palm oil, rice and copra are important agricultural exports. In other areas, copra and other coconut products are economically important.

The other major income sources are mineral resources, timber, and tourism. Papua New Guinea has major gold and mineral resources with oil and gas deposits discovered. Gold is an important export for the Fiji Islands, and gold deposits also have been discovered in the Solomon Islands and Vanuatu. Timber production is a significant export earner in the Fiji Islands, Papua New Guinea, and the Solomon Islands. Tourism is an important and growing source of income for countries such as the Cook Islands and the Fiji Islands as well as Samoa and Vanuatu. License fees from foreign deepwater fishing nations for fishing rights in EEZs also are important to several Pacific nations.

A range of population and demographic issues have been identified as critical to the region's development context and prospects. At the recent Thirty-Third South Pacific Forum held in the Fiji Islands, Pacific leaders concluded that population growth is likely to continue for at least the next 3 decades in most countries, and that finding a balance between population and resources

presents an “unprecedented challenge”. Demand for imported goods and for a widening range of services continues to rise, as the policies and programs of most governments in the region emphasize growth in per capita income and living standards.

Development and Environmental Challenges. The ecological dependency of Pacific economies and societies is well recognized in the region. The isolation and dispersion of people—coupled with a lack of basic infrastructure—mean that transport, communication and servicing costs are disproportionately high for PDMCs compared to countries located in closer proximity to their export markets and sources of imports. The economies and natural environments of many Pacific island countries remain extremely fragile. Substantial trade deficits are routine and can be sustained only with large continuing inflows of finance from abroad. Remittances from overseas residents play an important role in many Pacific economies.

Traditional knowledge and practices have major relevance for environmental protection in the region. In customary land tenure arrangements common in the region, a large degree of communal control is retained over land use and exploitation of natural resources. There is also the widespread custom of imposing temporary or permanent prohibitions (“taboos”) on entry or use of resources in a given area. However, where chiefly authority has been eroded, such conservation practices are falling into disuse. The number and role of nongovernmental and community-based organizations has increased steadily—especially to assist communities in addressing environmental management challenges.

The state of the region’s environment has been assessed several times over the past decade.¹ Summaries of environmental trends and conditions also have been included in recent reports of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) on the Asia-Pacific State of the Environment² and in the United Nations Environment Programme’s (UNEP) Global Environment Outlook³. While these recent reviews constitute important contributions to the knowledge base on the region’s environment, they have been based on national reports and regionally synthesized data compiled as the resources and impetus became available. There has been no systematic effort to routinely update such analysis or to invest in the Pacific-based capacity to do so, and there remains only a very weak ability to effectively monitor environmental change occurring in the region.

Key Environmental Management Issues

A broad consensus has been reached over the past decade on some of the most significant environmental problems facing the Pacific region.⁴ These priorities are also reflected in agreements reached in international forums concerning sustainable development of island

¹ SPC. 1992. *The Pacific Way*. Pacific Island Developing Countries report to the UNCED prepared by SPREP. Noumea: SPC; and SPREP, UNEP, and EU. 1999. *Pacific Islands Environment Outlook*. Apia: SPREP.

² Task Force for the Preparation of WSSD in Asia and the Pacific. 2001. *Pacific Sub-regional report for the WSSD*. ADB, ESCAP, UNDP and UNEP. September; and Task Force for the Preparation of WSSD in Asia and the Pacific. 2001. *Synthesis Report for Asia and the Pacific*. ADB, ESCAP, UNDP, and UNEP. Asia Pacific Preparatory Meeting. Phnom Penh, Cambodia, November 27–29, 2001.

³ UNEP. 2002. *Global Environmental Outlook 3: Past, Present and Future*. London and New York: Earthscan.

⁴ This summary particularly draws from various national and regional state of the environment reports (SPREP. 1993. *National Environmental Management Strategy (Parts A & B) – Republic of Marshall Islands*; SPREP. 1993c. *State of Environment Report – Cook Islands*; SPREP. 1993. *State of Environment Report – Federated States of Micronesia*; SPREP. 1993. *State of Environment Report – Kiribati*; SPREP. 1993. *State of Environment Report – Republic of Marshall Islands*; SPREP. 1993. *State of Environment Report – Solomon Islands*; SPREP. 1993. *State of Environment Report – Tuvalu*; and SPREP. 1993. *State of Environment Report – Western Samoa*); SPREP. 1998. *Strategic Action Programme for the International Waters of the Pacific Islands Region*; and SPREP. 1997. *Action Plan for Managing the Environment of the Pacific Region (1997-2000)*. Apia: SPREP.

nations.⁵ Eight concerns consistently emerge as of highest priority: (i) threats to freshwater resources; (ii) marine and coastal environment degradation; (iii) land and forest degradation; (iv) urbanization and waste management issues; (v) depletion of biological diversity; (vi) energy-related environmental concerns; (vii) adaptation to climate change, variability, extreme weather events and sea level rise; and (viii) weak environmental management capacities and related governance issues.

Freshwater Resources. Water resource endowments of PDMCs vary widely depending on climatic and geophysical characteristics. Large islands have watersheds with rivers and streams as well as a range of groundwater resources. Many smaller islands are extremely freshwater-scarce, relying on rainfall harvesting for the majority of their resources. Freshwater “lens” groundwater resources are formed in a large number of Pacific islands, though these are increasingly subject to unsustainable extraction and/or contamination—especially for atolls.

The protection and conservation of the supply and quality of freshwater is becoming a crucial issue in the Pacific, and it will take on even greater significance as global climate change results in higher variability of rainfall and sea level rise. Existing water management regimes are often hampered by weak supporting legislation, less than full cost recovery for services, insufficient technical capacity for water infrastructure management, and perennial problems of landownership and water rights. The threat to the quality and quantity of freshwater resources posed by sea level rise could be fundamental to the security and even existence of low-lying atolls.

A strategy to deal with the most important sustainable water management issues in the Pacific region was approved by participants at a week-long meeting in Sigatoka, Fiji Islands in mid-2002. Ministers and other senior government representatives came together with partners from multilateral and bilateral agencies, civil society and the private sector to set priorities and decide upon the best course of action. The implementation process associated with the Sigatoka Action Plan for improved water resource management provides for its official endorsement by Pacific governments, and most PDMCs already have become signatories.

Coastal and Marine Resources. The biological resources of Pacific marine and coastal ecosystems, particularly the fisheries, support both local subsistence economies as well as export industries. Special attention is needed with regard to sustainable fisheries and stresses on the health of coral reefs. In terms of its oceanic fisheries, the Pacific region is recognized as the world’s greatest tuna fishery. It contributes about a third of the global catch and dwarfs other areas both in volume and value. Tuna catches have remained relatively stable over the past 10 years—fluctuating around 0.9–1.2 million tons annually—while values have varied between \$750 million and \$1.9 billion. This represents about 11% of the combined GDP of all the countries in the region and about half of the value of all exports from the region.

The pelagic tuna fisheries are primarily exploited by distant water fishing nations who pay approximately 5% of the landed value in access fees to the Pacific states, amounting to some \$60 million in 1999. This rather low economic rent to the Pacific countries reflects the reality that most of the production costs are incurred outside of the region. Skipjack tuna resources are considered healthy, with some limited potential for catch increases. The larger tunas are considered fully exploited, with some species showing signs of overexploitation. The importance of conservation and improved management to ensure sustainability of this resource thus cannot be overemphasized.

⁵ SPREP. 1993. *Report of the Regional Technical Meeting for Indian and Pacific Oceans*. Input to the Global Conference on the Sustainable Development of Small Islands Developing States, Port Vila, 31 May–4 June. Apia: SPREP.

Coral reefs, mangrove forests, sea grass beds and other coastal/marine ecosystems are crucial to the well-being of Pacific island countries and communities. They form the ecological foundation of Pacific economies and contribute significantly to income, health, nutrition, coastal protection, construction, as well as the tourism industry. Reef systems, in particular, are increasingly at risk from discharges of nutrients derived from sewage, soil erosion and agricultural fertilizers; improper solid waste disposal; accelerated sediment discharge; physical alterations through destruction of fringing reefs, beaches, wetlands and mangroves for coastal development and sand extraction; logging; and overexploitation of coastal fisheries.

An Activity Plan for the Conservation of Coral Reefs in the Pacific Islands Region was developed for 1998–2002 as a partnership between countries and regional organizations and focuses on five priority areas for action: (i) education and awareness; (ii) monitoring, assessment and research; (iii) capacity building; (iv) legislation; and (v) networking and linkages across people and programs.

Forest Resources and Land Use. The loss of forest cover, forest degradation, and deforestation in favor of agricultural production has presented major environmental problems for the forested Pacific islands in recent years. Contributing to habitat destruction, soil loss, reduced water quality and the sedimentation of lagoon areas, these trends directly affect the livelihoods of the rural majority and poorest segments of society. Forest cover varies greatly across the region—ranging from 40–90% of total land area in the high islands to 5–40% for lower islands and atolls. The economic value of these forests is quite high in several countries.

The priorities for action have been well identified through meetings of the Heads of Forestry sector and consultations at national and regional levels. The most recently agreed common concerns and areas for action are (i) policy and legislation; (ii) forest management; (iii) forest product utilization; (iv) watershed management; (v) forest and trees in atoll ecosystems; and (vi) establishment of regional focal points and an information clearinghouse.

Waste Management and Urbanization. Rising problems of waste disposal and urban pollution management are common to most PDMCs. The often-limited land area available for waste disposal—as well as the physical structure of many islands—has led to increasing health problems and increased impact on sectors such as tourism. This is of particular concern where population density continues to rise, primarily in urban and periurban areas. The contamination of surface and ground water resources from sewage as well as animal waste and household garbage is having a significant impact on the quality of freshwater.

Although the region's urban populations generally are small in both their absolute size and in terms of the proportion of Pacific populations they include—on average only one in four people live in an urban environment—urban population growth is outstripping rural by a wide margin in almost all PDMCs. The expanded area of built environments and the associated change in the nature of human settlements thus represent significant challenges facing the region. The degradation of natural systems that form the basis of rural livelihoods also is pushing some to seek better opportunities in the region's cities.

The past decade has witnessed a significant increase in investments to deal with waste management. Across the PDMCs—and often with ADB assistance—projects have helped governments and communities to better handle sewage and solid waste. Expansion of water supply systems—partly in response to groundwater contamination—has also taken place during this period. Policy and institutional reforms to improve the efficiency with which waste management services are provided have paralleled these infrastructure investments. These reforms have

ranged from the creation of new urban planning or wastewater treatment authorities to the calculation and imposition of appropriate tariffs on beneficiaries to cover service costs.

A Regional Wastewater Management Meeting was held in 2001 in Majuro that brought together representatives from 15 Pacific island countries and resulted in the formulation of the Pacific Wastewater Policy Statement and the associated Pacific Wastewater Framework for Action. The former sets out a framework of guiding principles and policies to direct future development and cooperation among Pacific nations, while the latter comprises a list of proposed actions to be undertaken at national and regional levels. All measures proposed are anchored and preconditioned on the achievement of (i) appropriate and acceptable integrated national wastewater management policies and regulations; (ii) sustainable wastewater management; (iii) improved service delivery; (iv) equitable benefit to the entire community; and (v) better wastewater management.

Biodiversity. The Pacific region is recognized as a globally significant area of biological diversity, with the western Pacific possessing the highest marine diversity in the world. This biodiversity is greatest in the west and reduces to the east and from north to south away from the equator. Even where diversity is be relatively lower, species endemism and the threats of extinction often remain high.

This level of diversity and endemism underpins both formal and subsistence economies. Natural resources-based sectors—such as fisheries, forestry, and agriculture—rely on sound management of biodiversity for their sustainability, and the tourism sector in the Pacific also is largely dependent on the integrity and beauty of local ecosystems. The livelihoods of most Pacific islanders, therefore, are either directly or indirectly derived from local biological and other natural resources, and biodiversity conservation is central to social and cultural development.

But the region's natural wealth is among the most critically threatened in the world arising from human economic activities that do not adequately take account of their adverse impacts on natural systems and encroach on these areas in unsustainable ways. This often takes the form of the overharvesting of commercially valuable products from natural systems. Land-based sources of marine pollution are considered to be a principal threat to marine biodiversity along with habitat destruction/degradation. Other notable threats to both terrestrial and marine biodiversity include invasive species and the effects of climate change and increased climatic variability, especially the greater frequency and intensity of cyclones as well as sea level rise.

The current Regional Action Strategy for Conservation of Biodiversity identifies six important challenges in the region: (i) shortcomings in institutional capacity; (ii) infrastructure development; (iii) coordination and integration of environment and conservation activities; (iv) economic alternatives to unsustainable exploitation; (v) political support and good governance; and (vi) funding.

It is clear that little progress will be made if biodiversity conservation continues to be viewed as an “environmental” issue. Conservation efforts must help to reduce poverty, enhance food security and provide obvious links between the establishment of sustainable livelihoods and the protection of species and ecosystems. This is fundamental to the mainstreaming of environmental considerations—including conservation—at the national and regional levels.

Energy and Environment. Energy plays a vital role in achieving sustainable development in the Pacific region. It is a fundamental input to most economic and social activity, and adequate and affordable energy supplies are a prerequisite for expanding education, health services and

communications. It also is strongly tied to environmental management, and energy-environment linkages within the Pacific context involve many complex and interdependent factors.

Pacific Island countries and territories have developed the Pacific Energy Policy and Plan (PEPP) to address these concerns and to coordinate the energy programs of the regional organizations and development partners. The PEPP has been agreed as the common framework for progress in planning and implementing energy sector improvements the region, including renewable energy.

Substantial technical and financial support has been provided to renewable energy and energy efficiency projects in the Pacific region. Aside from the PEPP, the Pacific Islands Renewable Energy Project supported by the Global Environmental Facility (GEF) also plays an important role.

Climate Change and Variability. No Pacific environmental issue has so captured worldwide attention as the prospect of rising sea levels resulting from global climate change threatening the very existence of many low-lying islands, including entire countries (such as Tuvalu or Kiribati). The adverse impacts of climatic changes, including increased variability of weather events, are receiving increasingly urgent attention among PDMCs. This is reflected in the numerous Forum Leaders' communiqués imploring developed countries to reduce their emissions and the universal PDMC participation in the United Nations Framework Convention on Climate Change (UNFCCC) and the associated Kyoto Protocol. A grouping of the world's best climate change scientists under the Intergovernmental Panel on Climate Change (IPCC) reconfirmed in 2000 the threat to small island developing countries from rising air and sea temperatures as well as sea levels. The IPCC also identified coral reefs, atolls, and mangroves as among the natural systems most vulnerable to climate change. There is a growing belief in the Pacific that the impacts of a changing climate are already being experienced through the occurrence of increased climatic extremes, such as unusually intense and/or un-seasonal cyclones, flooding, droughts, and other natural phenomena.

Concern among Pacific nations reached its peak in October 2000, when the South Pacific Forum's leaders endorsed the Pacific Islands Framework for Action on Climate Change, Climate Variability and Sea Level Rise. This Framework serves as an agreed basis for effectively addressing climate change and variability through a cooperative process amongst all relevant stakeholders. The mechanism for cooperation is the Climate Roundtable, a forum where interested stakeholders can cooperate and collaborate on climate-related activities to avoid duplication and achieve complementarity of effort. The Framework outlines a wide range of national needs and means for addressing them at both the regional and national levels, and it is endorsed as the principal guidance for regional policy on climate activities.

Environmental Governance

Having reviewed the principal environmental conditions and trends in the region, it is useful to summarize how responses to the environmental challenges identified are being organized in the Pacific. While policy and institutional frameworks governing environmental management vary greatly at the national level, there are some common patterns as well as constraints worthy of note.

National. Policy and institutional frameworks of Pacific countries largely reflect each PDMC's colonial history and unique cultural heritage. Formal legal frameworks overlay the widespread Pacific tradition of consultation at the local, national, and subregional levels. Probably the single most influential externally supported governance effort over the past decade involved assistance from ADB and UNDP between 1991 and 1994 to help PDMCs produce national

environmental management strategies (NEMS). In many countries, these documents still provide the principal blueprint for developing environmental policies and plans. Despite considerable additional support—notably to environment ministries or other national focal agencies for environment—the past decade has not seen much measurable progress either in terms of national institutional capacity or impact on environmental quality. On the contrary, most measures of environmental quality and natural resources management indicate a deteriorating condition. In many Pacific countries, environment units and departments and their legal counterparts in government have been grappling with the introduction of a regulatory environment that takes account of, or weaves in, customary practice and tenure and that the same time leads to improved environmental governance.

There has been considerable discussion over the past decade about integrating environment and development—or “mainstreaming”. More recently, the importance of integrated environment-development decision-making has been highlighted as an essential framework for organizing policy responses to the environmental challenges facing the region. Thus far, however, little progress has been made on the ground with either approach.

Knowledge and understanding of traditional practices passed down through the generations is now being lost due to sociocultural changes and modern influences. Hence, it is important to promote understanding of traditional environmental management practices where they still represent viable approaches to resource management by encouraging the integration of such practices with newer thinking and technologies.

Regional. In contrast with the national picture, a solid institutional framework now exists at the regional level to facilitate Pacific-wide dialogue on common environmental management problems and shared natural resources. These organizations were created with at least three justifications in mind. First, they are meant to achieve economies of scale in gathering expertise and making it available to Pacific countries such that each country does not need to duplicate this capacity. Second, they allow countries to better address common problems as well as those that are transboundary in nature. And third, they facilitate regional dialogue and increase the strength of the Pacific “voice” in global forums. When it comes to program interventions, however, these regional organizations are most effective at the regional rather than country levels. The intergovernmental organizations that form the Council of Regional Organizations in the Pacific (CROP) provide the core capacity to provide such services.

Pacific Participation in Global Environmental Efforts. The response of Pacific countries to global environmental initiatives—especially given their relatively weak institutional base at the national level—has been quite impressive. In addition to the UNFCCC, PDMCs are parties to most existing multilateral environmental agreements (MEAs). They are very active participants in meetings associated with these MEAs as well as related forums—the Convention on Sustainable Development, the Barbados Program of Action for Small Island Developing States, and World Summit on Sustainable Development (WSSD). Councils, committees, commissions, and other bodies have been formed at the national level to coordinate PDMC obligations under these many treaties and MEAs. Considerable effort has been made by PDMCs to respond to MEA requirements, and this has influenced domestic policy by generating a baseline of related plans and commitments to action. PDMC participation in these global efforts has yielded considerable external support, but it sometimes has come at the expense of attention to pressing domestic environmental issues.

Emerging Responses to Environmental Concerns

Institutional Capacity and Legal Frameworks. Concerted action to strengthen national capacity for environmental management is relatively recent among PDMCs. There remains a significant gap in most PDMCs between the increasingly pro-environment rhetoric and the capability to deliver environmental benefits at the national and local levels. At least on paper, capacity now has increased to the point where countries are demanding environmental assistance to support significant increases in national programs. While this is a logical progression, this relatively thin institutional baseline has been, and remains, a central constraint to the implementation of a wide range of environmental projects and programs in the PDMCs.

Today, reinforced by preparations for and decisions at the follow-up WSSD Earth Summit in Johannesburg, attention to sound environmental management is seen as one of the three pillars of sustainable development to be considered alongside economic and social goals. These relatively rapid changes in how environmental management is perceived—and ultimately how assistance agencies and PDMC governments define their objectives in relation to aid programs—are an important factor when considering the overall effectiveness of past environmental assistance in the PDMCs and mapping a strategy for the future.

Pacific Responses to Global Initiatives. The 2002 WSSD meeting produced a modest Plan of Implementation and Declaration that is important to the region, and PDMCs were well represented at WSSD. The Pacific heads of government announced a number of initiatives/partnerships that will bring together government, the private sector, NGOs, and academic organizations in various high priority areas to supplement and leverage more traditional sources of financing and expertise.

Experience with and Lessons from Environmental Assistance

ADB's Assistance. In the past decade, ADB has actively supported PDMCs in improving their environmental and natural resource management. This has included 53 country-level technical assistance (TA) projects,⁶ 4 grants, 19 regional TAs (RETA) projects, and 15 investment projects valued at \$23.5 million, \$11.7 million, \$4.9 million, and \$108.8 million, respectively.

ADB thus has been an active partner in national and regional efforts to improve environmental management capacity and performance in the Pacific. These activities can be grouped into five major categories or sectors of support: (i) institutional strengthening and capability building; (ii) social infrastructure including water supply and sanitation, urban development, health and population, waste management, and environmental education; (iii) agricultural, marine, and other natural resources such as sustainable fisheries, coastal and marine protection, forestry, watershed management, and biodiversity conservation; (iv) energy, climate change, and variability; and (v) others, including tourism and related development undertakings.

At the country level, there were 22 TAs for the social infrastructure sector (more than 40% of the total). These were implemented to improve and facilitate urban and infrastructure development in PDMCs, particularly for water supply and sewerage systems, health, sanitation, solid waste management, and other public services. The second largest number of TAs were in the agriculture, marine and other natural resources category, with a total of 19 (35%). These related

⁶ A project should have at least one environmental component in their objectives to qualify as an environment-related project.

primarily to sustainable fisheries management and development, marine and coastal resources protection, strengthening of agriculture and forestry agencies, watershed management, and marine biodiversity conservation. Several TAs (about 11% of the total) focused on capacity building, environmental awareness, and institutional strengthening of key government agencies (and to some extent also the private sector). The rest related to energy, climate change, and variability (4 TAs) and power sector development requirements; with 2 TAs dealing with tourism and outer island infrastructure development. Although only 4 grants have been provided, the total amount is almost half that of country level TA.⁷

The majority of RETAs were in the institutional strengthening and capacity building sector, and RETAs have been a major avenue for ADB's assistance to environmental agencies. This is followed by the agriculture, marine and other natural resource management activities, with 5 RETAs, and the energy, climate change, and variability, with 4 RETAs.

Environment-oriented loan projects have centered largely on infrastructure such as wastewater treatment and solid waste management. There also were a significant number of loans (33%) processed relating to agriculture, marine and other natural resources. Of a total of 15 loan projects classified as environmentally-related, only 2 do not fall into one of these two categories.

Some trends in ADB's assistance patterns may be discerned. The first phase of ADB's environmental assistance in the early 1990s focused on helping PDMCs prepare NEMS as frameworks for further action. This was accomplished through a combination of country-level TAs and RETAs. The emphasis then shifted to sectoral work, notably relating to forestry, biodiversity, environmental aspects of energy, fisheries, and more recently water management. Current assistance centers more on mainstreaming environmental considerations into key development sector.

Other External Environmental Assistance in the Pacific. In addition to ADB's experience with environment-oriented assistance to its PDMCs, insights may also be drawn from the activities of other international agencies active in the Pacific. Patterns of environmentally-related assistance to Pacific island countries by major external funding agencies emerged from the results of a survey conducted as part of the PRES analysis as well as from secondary sources. Among the bilateral donors heavily engaged in the region, Australia, Canada, France, Germany, Japan, New Zealand, and United States are most notable. Survey questionnaires were distributed to external agencies concerning their main objectives and activities relating to improving environmental management in the region.

Based on the survey and supplemental information, projects were classified into those implemented at the country versus regional levels. There were 64 ongoing (as of 2002) country-level projects identified, with a total value of \$110.7 million and 51 regional projects valued at \$96.8 million. This brings the total level of ongoing external assistance activities in the Pacific to \$207.5 million in 115 projects.

⁷ Three of these grants went toward rehabilitation work in Timor-Leste, which is organizationally grouped with Pacific countries within ADB.

Country-level projects, when grouped by the same categories used to analyze ADB's assistance, follow a similar pattern to that observed for ADB. Most projects (75%) fall into either the category of agricultural, marine and other natural resources, or into social infrastructure. The remaining projects fall under energy, climate change and variability (11%), institutional strengthening and capacity building (9%), and others (5%). The trend is the same in terms of project value, though the amounts are more skewed towards agricultural, marine and other natural resources (50%), and social infrastructure (40%). Social infrastructure projects average about \$3 million per project, and agricultural, marine and other natural resource projects are around \$1.7 million in average size. Energy, climate change and variability, institutional strengthening and capacity building, and others were smaller, with average values of \$1.3 million, \$0.4 million, and \$0.1 million, respectively.

At the regional level, external assistance also mostly fell into these same two categories of natural resources and infrastructure, with a 45% and 36% share in terms of total value of assistance, respectively. The average size of the 51 regional projects was about \$2 million per project, though there were three rather large allocations that skewed this number upwards.

Accomplishments, Constraints and Lessons Learned

Valuable lessons can be drawn from this experience in implementing environmental assistance programs in the region. Merging both ADB's experience and that of other funding agencies and implementers, several patterns emerge that can help to inform and influence future environmental programming in the Pacific. The summary presented below attempts to capture what has worked and what has not, with lessons drawn from successes and failures in equal measure.

Building on National Environmental Management Strategies. The PDMCs got off to a very good start in the early 1990s with preparation of NEMS or similar plans. In many cases these represented the first attempt at the national level to take stock of natural resources and the relationships between environmental management and economic development. Too often, however, the latter connection was inadequately emphasized. This marginalized the NEMS exercise, so that it was not considered directly relevant by those in economic planning and finance or even the key sectoral agencies. National sustainable development strategies will suffer the same fate if they are not led by finance or economic planning agencies and do not involve all stakeholders, including critics, in the process.

Utilization of the Council of Regional Organizations in the Pacific. The rationalization of regional organization's efforts through creation of CROP is a promising initiative. Particularly high hopes have been placed on the South Pacific Regional Environment Programme (SPREP) as the lead organization in environmental fields. There have been some notable achievements in raising regional environmental awareness building institutional capacity, particularly for global issues such as biodiversity conservation and climate change. However, the CROP network has not yet reached its full potential for facilitating the organization and dissemination of information on Pacific resources and on best environmental management practices at the national and regional levels.

Pacific Engagement on Global Environmental Issues. As evidenced by the special attention afforded small island developing states at WSSD, Pacific countries and regional organizations have excelled at getting their voices heard in international forums on global environmental issues. Despite human resource and other capacity constraints, they also have gained an impressive degree of access to global financial mechanisms made available to address environmental concerns (especially the GEF). However, the work of the regional organizations in

promoting such engagement has largely failed to bring the benefits home to the grassroots level. It generally has not demonstrated the relevance of adaptation to climate change and variability, water and coastal resources management or biodiversity conservation to domestic economic development.

Replicating Local Successes. Local community environmental management initiatives, contemporary applications of traditional environmental practices, public-private partnerships for environmental management, and even small-scale government environmental or resource management programs all can be found scattered across the Pacific at the pilot demonstration level. Many of these are highly successful, but few have fostered any meaningful connection to or influence over national or regional environmental policy and program development. Furthermore, they are often not designed with replication in mind, so that their impacts remain highly localized.

Lagging Legal Frameworks. Despite some progress in establishing a national agenda for environmental management capacity and norms, most PDMCs still lack legal frameworks covering the major aspects of environmental protection and natural resources management at the local level. In many countries the problems encountered in establishing a national legal framework appear to stem from conflicts between Pacific traditions of local management authority and attempts to impose top-down management structures. Many of the issues could probably be resolved through a more concerted consultation effort with all stakeholders backed by an openness to compromise.

Environmental Mainstreaming. The absence of a legal framework also means that there has been very little real progress in mainstreaming environmental considerations into the way policies, plans, and programs are developed for key sectors—such as transportation, energy, industry, and tourism—let alone into national economic development planning. Most resources and effort have been absorbed in trying to build apex environmental bodies at the national level, and only recently has attention turned to integrating environmental thinking into the processes and operations of finance or economic planning authorities.

Regional versus National or Local Interventions. Much closer attention also needs to be given to the question of the appropriate level at which interventions are organized and implemented in the environment sphere. There has been a tendency—among external funding agencies especially—to favor regional-level programs for ease of organization and economies of scale. It is almost axiomatic that environmental problems begin locally and are ultimately solved locally, even those with global dimensions. This argues strongly for organizing environmental interventions at the subnational or even local levels.

Consultation, Participation and Awareness. Civil society needs to be much more fully engaged in the development of environmental policies, plans, and programs in the region. This should go hand-in-hand with other public outreach and awareness-raising efforts to expand the base of those who are well-informed on the environmental subjects that affect them. Building partnerships among government, community groups, NGOs, and the private sector is an efficient and sustainable approach to utilize scarce resources, share burdens, and develop local expertise and ownership.

ADB's Pacific Environmental Intervention Strategy

A new strategy for ADB environmental assistance to PDMCs is now presented based on this analysis. The PRES design effort is part of a broader strategic planning exercise covering ADB's overall assistance to the region for the period 2005–2009. The basic parameters of ADB's engagement with the region are first described. This is then followed by a set of specific

anticipated interventions to address key concerns at the local, subnational, national, regional, and global levels.

Framework for ADB Environmental Assistance in the Region. At the project level, ADB will continue to fully implement its environmental safeguard policies to ensure that potentially adverse impacts of projects and programs are reviewed, and when necessary, prevention, abatement, and mitigation measures are incorporated into project design. ADB will continue to circulate for stakeholder review environmental impact assessments (EIAs) and/or summary EIAs—encouraging all parties concerned to fully participate in implementing environmental management plans according to EIA recommendations. Mitigation measures will be built into project design and the results carefully monitored during implementation.

ADB will work through community-based organizations and NGOs to design and implement local scale interventions with high potential for replicability. Community-based natural resource management—especially acknowledging and building upon traditional environmental customs, knowledge and practices—will be a key strategic approach for ADB operations at the grassroots level.

ADB believes that the subnational level is the most crucial point of intervention in the Pacific region—watersheds, islands, urban areas and their hinterlands, provinces or states are the planning units of choice. At this level, there often is strong community ownership, ecosystems can be understood, the scale is appropriate to donor and government resource constraints, and the likelihood of successful replication is high. Where possible, ADB will prioritize the geographic scale of its sectoral interventions in such areas as agriculture, forestry, energy supply to focus on subnational ecosystems, rather than attempting to cover entire countries with a single project.

ADB will continue to improve the process of “mainstreaming” environmental considerations into its country operational strategy studies, sector policies, TAs, and loans. Consistent with ADB’s new Environment Policy, more intensive efforts will be made to take stock of lessons learned from environmentally-related assistance in each PDMC, and to consider all opportunities to incorporate appropriate actions—at the policy, institutions, project and program levels—into ADB’s country operations. This exercise has already begun for country programming in the Cook Islands, the Fiji Islands, Papua New Guinea and Samoa, and it will be extended to all PDMCs by 2005.

Balance will be struck between efforts at the regional versus country levels. For some subject areas, it will be necessary to complement country-level interventions with activities implemented through regional RETAs covering some or all PDMCs. However, these situations will be infrequent. ADB’s operations are fundamentally conducted at the country and subnational levels through its direct assistance to PDMCs. Regional work will be undertaken, when needed, only to support and complement these country-level efforts.

ADB cannot address every type of environmental management problem occurring in PDMCs. Strategic focus must be applied to choose those areas of intervention that best draw upon ADB’s strengths, achieve complementarity with other ADB assistance, and take advantage of opportunities to both leverage resources and form strong strategic partnerships. In general, stand-alone environmental assistance will not be pursued unless there is strong government commitment to mainstream environmental issues into economic development planning and management. Though specific interventions seldom fall neatly within geographic or institutional bounds, the proposed areas of strategic focus are described below.

Interventions at the Local Level

Improved Provision of Environmental Services. The majority of ADB's environment-related assistance to PDMCs is expected to continue to be associated with investment in environmental infrastructure. This includes projects for improved water supply, sanitation, and solid waste management. Such investments can be even more efficiently designed and utilized if they are placed in a broader context of environmental management at the island-wide or water catchment level, especially for water management infrastructure. ADB is well placed to provide such analysis, as it is a leading source of investment financing for environmental infrastructure in the Pacific.

ADB also will support broader urban and land-use planning activities, stronger efforts to integrate water quality and quantity management, and back-to-basics outreach programs—on everything from water conservation to litter prevention—to engage key environmental service consumers. A combination of TAs and the incorporation of such efforts into project lending for water supply, sanitation and solid waste management will enhance the effectiveness of all such environmental infrastructure investments.

Integrated Water Resources Management for Atolls. The special challenges of water management in coral atolls—from expanding populations and contamination of freshwater lenses—merit special attention. The threat of rising sea levels further complicates this situation. Given the number of PDMCs with islands facing these problems, it will certainly affect ADB operations in the Pacific. Based on the recently concluded “Sigatoka Agreement” for improved and more integrated water resource management in the region, ADB will use its position as a leading partner in the water resource sector to promote improved local-level and country understanding of and responses to problems of atoll water management.

ADB will develop a comprehensive strategy and action plan for sustainable water management of atolls that will guide its own operations and serve as a reference in the Pacific. TA support will be used to establish replicable best practice models at the local level for wide dissemination and information sharing in the region. This may also lead to investments warranting lending assistance.

Community-based Tourism and Biodiversity Conservation. There are numerous small areas or island communities throughout the Pacific that represent ecosystem types and/or provide sanctuary for rare or endangered species. These can be managed as protected areas for biodiversity conservation and at the same time serve as eco-tourism sites. ADB will serve as a catalyst for linking the conservation of unique and valuable Pacific biodiversity to appropriate tourism development and the complementary provision of much-needed roads, ports and other infrastructure—especially for remote islands.

Drawing upon communities living within or adjacent to these conservation areas, ADB will support the development of management schemes to blend conservation objectives and environment-friendly, sustainable income-generating activities such as nature walks, bird watching, whale watching, camping, diving and eco-tours. Respect for and the utilization of traditional environmental management customs and practices will be an integral part of this strategy. The development of such schemes will be accomplished through a combination of TAs and loans with financing from ADB as well as from external sources, such as the GEF and possibly private investors. Initial attention will focus on opportunities in the Fiji Islands and will be used to derive models applicable elsewhere in the Pacific.

Interventions at the Subnational Level

Integrated Water Resource Management. High islands and coral atolls alike are facing increasing water management challenges. On the high islands, little systematic thought and effort has been given to watershed management—let alone a fully integrated approach to water management that considers and balances the interests of all users, including the needs of aquatic and coastal ecosystems. As noted, coral atolls are facing heavy threats from overuse of limited freshwater resources by expanding populations, and there is the further complication of vulnerability to sea level rise. As a principal source of water sector financing in the Pacific, ADB is well placed to promote a more integrated approach to PDMC water management.

ADB will provide well-focused TA activities to support integrated water resource management wherever the problems are most acute, and especially when this complements ADB's infrastructure investments. This is expected to include watershed management components of upland agricultural development activities as well as lowland surface water and groundwater management. When warranted, ADB's support will be extended—through grant-financed TAs and elements of loan-financed investments—to the development of broad-based basin, island (or national) water management policies and institutional structures. These will serve as mechanisms for coordination and facilitation of investments, cover both surface and groundwater management, and integrate water quantity and quality concerns. Special attention will be given to finding a proper balance between the roles of government entities, the private sector, and all water users. The special social, cultural, and religious sensitivities regarding Pacific water rights and allocation mechanisms will also be taken fully into account.

Sustainable Tourism and Biodiversity Conservation. The tourism industry has much further potential for development in most PDMCs as an environmentally benign and sustainable source of jobs and income. This is true for both the main and outer islands in archipelagic countries. However, there is increasing concern that current patterns of tourism expansion may undermine the beauty and functions of the unique landscapes and cultural manifestations that are the very reasons visitors are drawn to the region. Though tourism development must be driven by the private sector, ADB can play an important role in helping to establish enabling conditions for private investment and sustaining the environmental and cultural foundations of the industry.

ADB will support the market-based expansion of eco-tourism in selected PDMCs through a combination of TA and loan-funded investments—especially when this can attract public sector co-financing derived from global funds for biodiversity conservation. This will be closely coordinated with efforts to develop loan-funded investments to provide needed infrastructure in outer island settings. Related actions planned at the local level already have been described. If warranted, consideration also will be given to expanding attention on this topic to the regional level to support the development of appropriate tourism models and their dissemination.

Renewable and Efficient Energy Production and Use. As shown by the impending expansion of hydropower development in several PDMCs, attention is turning to opportunities for broadening the production of energy from renewable sources. As regional understanding and appreciation of these sources—including wind, biomass and solar power—increases, ADB's TA lending assistance at the subnational level can provide key technical and financial inputs. Energy saving through a wide range of conservation efforts and demand-side management activities also deserves special attention.

ADB will provide TA resources and loan-funded investments to support the wider use of renewable energy sources especially on outer islands and rural areas, wherever these can be shown to be commercially viable. It will also provide TA to help create the enabling market

conditions for the expanded use of alternative and renewable energy production and use, and will seek opportunities to improve the efficiency of energy use based on both improved public awareness and market incentives. This support will expand the marketing of carbon credits for renewable energy sources as a form of co-financing.

Management of Marine and Coastal Resources. Coral reefs, mangrove forests, sea grass beds, beaches, and offshore marine ecosystems must be protected to safeguard the well-being of communities who depend on them for their livelihoods and protection of their island homes. These ecosystems form the ecological foundation of PDMC economies and support jobs, health, nutrition, coastal integrity and tourism. Reef systems, in particular, are progressively at risk from improper waste disposal by increasingly dense coastal populations, from climate change and variability, and from invasive species. ADB can encourage improved awareness and responses to these threats both through its investments and policy dialogue.

ADB's assistance to protect these vital natural resources will include direct loan-funded interventions to solve specific coastal or marine resource management problems, often in conjunction with infrastructure investments, and TA activities to support improved awareness, community-based management approaches, and better environmental monitoring. These activities will complement and be coordinated with those relating to water management, regional fisheries, and adaptation to climate change and variability.

Interventions at the National and Sectoral Levels

Environmental Governance. There remain important gaps in the policy and legal frameworks for environmental management in most PDMCs that need to be filled if there is to be a firm foundation for further progress. The two most relevant lessons from experience indicate that overly comprehensive and complex legal measures are less likely to be accepted and implemented than simpler and better focused mechanisms and that it is essential that all important stakeholders be engaged in the consultative process leading to new regulatory or policy measures. The wider application of traditional environmental management practices in development programs and projects also should be encouraged and incorporated into national legislation wherever possible. Because of ADB's relationship with PDMC governments and engagement in key natural resource and environmental management sectors, it remains in a strong position to promote the development of sound environmental governance structures.

ADB will engage in policy dialogue and provide TA support to country-level efforts aimed at drafting and passing environmental protection and management legislation and regulations. This will particularly include developing capacity to meet basic EIA requirements to screen potentially damaging development projects, as strong EIA capabilities are necessary to complement ADB's own safeguard policies. TA assistance will be accompanied by complementary support to policy dialogue in the consultative processes leading to these policy and regulatory reforms.

Environmental Mainstreaming at the Sectoral Level. Stand-alone environmental assistance will be only weakly sustainable without strong PDMC commitment to weaving environmental considerations into the very fabric of sectoral development planning and management. Concerted efforts are needed to build environmental capacity and understanding into planning and investment in key sectors such as water supply and sanitation, transport, power, tourism, communications, mining, and agriculture. It is essential that the capacity for understanding and acting upon environmental concerns be established and maintained in all areas of the economy. ADB's ongoing policy dialogue with PDMCs in many of these sectors provides an important platform from which to further this agenda.

ADB will assist with this capacity building both as part of its lending, policy, and programming dialogue and, where warranted, through directly targeted TA activities. ADB is committed to working with all PDMCs in this effort, especially to help strengthen the capacity of key line ministries so they can appreciate and respond appropriately to the environmental dimensions of their sector in the development process.

Mainstreaming the Environment into Development Planning. Beyond support for broad-based environmental legal and regulatory frameworks and sectoral mainstreaming, there also remains a strong need for better incorporation of environmental considerations into national development policies and programs. Public investment programs should consider their environmental dimensions from the earliest stage, and the economic costs associated with environmental mismanagement should be part of national debate on development priorities and approaches. ADB is actively engaged with national development planners and policymakers and can use this position to encourage the mainstreaming of environmental concerns into all aspects of social and economic development—even as it does the same for its own operations.

Through its ongoing policy dialogue with PDMC governments, ADB will work with national economic planning authorities and other relevant bodies to help build environmental considerations into the mainstream of their routine processes. Much of this will come through ADB's own country programming. In this context, ADB will conduct analyses of environmental issues affecting its operations at the country level⁸ and will use this information to shape the direction of its country programming and recommendations for PDMCs about associated policy and capacity building needs. Building on the PRES analysis, more in-depth studies will be made on key relationships between environmental management and development at the country level affecting all ADB operations.

Complementary Regional Interventions⁹

Promoting regional cooperation is a central theme of ADB's work across the Asia-Pacific region. Regional economic integration as well as environmental cooperation on common problems can benefit all PDMCs. ADB will play an important leadership role by encouraging continued and more effective regional cooperation on topics related to environmental management including (i) improvements in the gathering and management of information on environmental trends and conditions so that progress can be better assessed; (ii) strengthening the productive and appropriate roles of CROP organizations in environmental management; and (iii) helping PDMCs learn from international experience with environmental management of island states, including follow-up to the Barbados Plan of Action.

Environmental Information Management. The lack of reliable data on environmental conditions and trends poses a critical constraint to good planning and programming at the local, sectoral, national and regional levels, and thus constitutes an essential underpinning of good environmental governance. It is vital that decision makers have a sound scientific and economic basis for setting policy and program priorities. A reliable, consistent, and accessible information baseline that is systematically updated is crucial to any effort to measure environmental progress. Since ADB operates throughout the Pacific and is actively engaged with PDMC governments in the collection of social and economic data in the region, it is positioned to encourage the improved monitoring of environmental conditions and trends and for wider sharing of such information.

⁸ Country Environmental Analysis (CEA) as required in ADB's Environment Policy. This PRES exercise is part of the CEA process for the Pacific region.

⁹ ADB's strategy and planned regional assistance program is provided separately in: ADB. 2003. *Regional Cooperation Strategy and Program for the Pacific: 2004-2006*. Manila.

ADB will use TA resources, its policy dialogue with PDMCs, and cooperation with CROP members and others in the international community to help improve the compilation and assessment of data on Pacific environments. Such efforts will include but not be limited to the development of baseline information from remote sensing data utilizing geographic information systems and the organization of information on land use, forest cover, rangelands, wetlands, coastal ecosystems and other data sets. All such efforts will encourage a process of environmental information management that is transparent, consistent and commonly accessible to support both project-level environmental assessments and broader policy and program planning at all levels.

Legal Frameworks for Environmental Management. The deficiencies of environmental policy and legal frameworks at the country level already have been noted. This is a problem that is common to most PDMCs and would benefit from a regional response. ADB has previously been engaged with most PDMC governments on this subject through its early support for national environmental action plans and should again be able to encourage a new—and better targeted—wave of environmental policy and legislative reforms.

ADB will provide regional RETA resources to complement those at the national level to develop and regionally disseminate legal and regulatory models adaptable to local conditions. This will necessarily involve assistance for participatory and consultative processes to ensure that all-important stakeholders are engaged in the development of environmental policies, legislation, and regulations.

Sustainable Fisheries Management. The harvest of highly migratory fish species is of tremendous economic importance to most PDMCs, and this is largely accomplished through the licensing of foreign fishing vessels to gain access to their EEZs. The adoption of the Pacific Tuna Convention in 2000 was explicitly formulated to safeguard the sustainability of the highly migratory species, and provides an opportunity for programs to better understand this fishery and contribute interventions to ensure that its exploitation remains within these bounds. ADB has been actively engaged in this field, and it can use its relationships with PDMCs to encourage further progress.

ADB will use RETA resources to support the review of these regional resource and economic management arrangements and efforts to develop and effectively disseminate information on appropriate sustainable management regimes for Pacific tuna fisheries. It is expected that this will directly contribute to increased benefits for participating PDMCs by creating enhanced opportunities to extract fair resource rents based not only on allocations but also through area-wide management policies.

Energy Efficiency and Renewable Sources Development. The commercial development of renewable energy sources—coupled with a high efficiency of energy use—offers the potential to fill gaps in energy service that contribute to economic hardship in the region. Since this is a common problem across the PDMCs, especially in outer island and rural settings, it also warrants regional attention. ADB's strong working relationships with those in the Pacific energy sector as well as its links to international sources of expertise and financing—particularly for activities that reduce greenhouse gas emissions—puts it in a strong position to take a leadership role.

RETA resources will address the constraints to expanded commercial provision of energy from renewable sources to determine whether it can play a wider role in creating markets for these energy services and associated institutions. Opportunities for collaborating with other key organizations and to obtain co-financing based on global benefits from greenhouse gas reductions will be examined along with ADB's potential assistance in brokering such financing.

Adaptation to Climate Change and Variability. Country-level investments are needed to adapt to the adverse impacts of climate change and variability, but this is clearly a Pacific-wide challenge. ADB's position in the region and among global players in this field means that it can play an important role by assisting with the analysis of and response to threats derived from climate change and variability, including the consequences of sea level rise and the increased frequency and/or intensity of extreme hydrological events such as cyclones and droughts.

ADB will adopt a programmatic approach to dealing with these threats on a regional basis, using a RETA to coordinate such efforts. The goal will be to assist PDMCs as they work toward integrating climate change and variability adaptation measures into their development programs and projects. Pilot activities at the country level—funded with grant and/or loan funds, depending on the nature of required investments—will complement and follow from regional TA analysis. Given the global roots of the problem, ADB also will help PDMCs maintain and enhance their access to international assistance through such mechanisms as the GEF, with an overall goal of lowering the economic and social costs of climate change and variability in the Pacific and especially of reducing the risk of a resulting increased incidence of poverty. ADB also will work within its own programming processes to incorporate adaptation to climate change and variability into its Pacific operations.

Implementation Issues and Performance Measurement

Targets Set at the WSSD. Approaches to measuring progress and associated challenges have been mentioned throughout this strategy, and the targets agreed at WSSD constitute an important advance in efforts to standardize and improve performance assessment. The WSSD targets represent important commitments from the international community as well as the PDMCs to creating the enabling conditions for achievement of sustainable development—globally, nationally, and locally. To the extent possible, all ADB activities in the Pacific region—and not just those described as “environmentally-related” in this strategy—should help to accomplish these agreed targets and their associated goals.

Millennium Development Goals. Many of the WSSD targets correlate closely with the internationally recognized Millennium Development Goals (MDGs). These goals have been agreed to represent the best available minimum set of targets to use in measuring progress toward attaining the conditions needed to achieve sustainable development. At the Monterrey Conference in March 2002, ADB joined other multilateral development banks in agreeing to relate its Long-Term Strategic Framework for 2001–2015 to the MDGs and to examine how MDGs could be reflected in country strategies and programs. A recent ADB review indicates a mixed record thus far among PDMCs in their progress toward meeting the MDGs, and it records significant room for improvement among all PDMCs with respect to fulfilling Targets 9 through 11 under Goal 7: “Ensure environmental sustainability.” This also further underscores the need for attention to improving environmental information collection and management in the region as called for in this strategy.

Key Assumptions Behind the Strategy

The viability of the PRES approach over 2005–2009 is dependent upon the realization of several key assumptions. ADB must be in a position to work with each PDMC based on domestic political stability and the fulfillment of other basic conditions of this relationship. It also is assumed that an adequate degree of absorptive capacity exists in national and regional partner organizations, though institutional strengthening is an important dimension of all recommended actions. The development of strategic partnerships—especially working with a select group of regional organizations and NGOs over a multi-year period—represents a departure from the

normal procedures for organizing ADB-supported TA, so care will need to be taken to ensure that this is handled appropriately within ADB policies and procedures. The strategy also takes a longer-term and more programmatic perspective than is typical for ADB operations, so it remains to be seen how ADB's programming and assistance systems will adjust to this mode of work. Finally, several of the regional initiatives envisioned in the strategy will be dependent upon the availability of grant co-financing from sources outside of ADB, including the GEF and certain bilateral donor funds channeled through ADB.

Conclusion

Dealing with environmental and natural resource management challenges in the Pacific region is important, because overexploitation of resources and environmental degradation directly affect the economic and social well-being of PDMC populations. ADB has been an active partner in helping to address high priority demands for improved institutions and practices to manage and protect the region's natural systems. ADB is actively engaged in regional and national policy dialogue on these and other development issues and continues to move beyond its traditional strength as a multilateral lending institution into active policy and program engagement with international organizations, governments, and a wide range of stakeholders.

This new Pacific Region Environmental Strategy will serve as an important touchstone and source of guidance as efforts move forward to improve the basis for sustainable development in the region. Outlining interventions at the local, subnational, national/sectoral, and regional levels, the PRES provides a clear framework for ADB's leadership on these subjects as well as identifying important opportunities for leveraging resources and helping to encourage greater local responsibility for environmental management through the systematic development of strategic partnerships with appropriate local, national, and regional organizations.