



EUROPEAN UNION



SPC-EU EDF10 Deep Sea Minerals (DSM) Project



2013 Annual Report *1st January – 31st December 2013*



Participants of the 4th Deep Sea Minerals Regional Training Workshop, Nadi Fiji, December 2013.

Prepared by:

Akuila K. Tawake
SOPAC Division
Secretariat of the Pacific Community
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IMPORTANT NOTICE

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More copies of this report can be obtained from the address below:

Applied Geoscience and Technology Division (AGTD)
Secretariat of the Pacific Community (SPC)
Private Mail Bag
GPO, Suva
FIJI ISLANDS
<http://www.sopac.org>
Phone: +679 338 1377
Fax: +679 337 0040
director@sopac.org

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Executive Summary

In consultation with stakeholders and implementing partners, the SPC-EU Deep Sea Minerals (DSM) Project (the Project) continued to implement regional and national project activities in 2013. Notwithstanding some challenges encountered during the year, mitigating strategies that were put in place have been successful in terms of stakeholder engagement, project planning and task implementation. This has resulted in a number of milestone achievements being realised during the reporting period. Further, two additional project staff members were recruited during the year to boost project response to Pacific ACP States and to address specific tasks.

Efforts are continuing to assist countries with the development of national legal instruments by which the Project has been providing legal advice and drafting assistance to a number of countries in 2013. Notably the Project provided legal advice and drafting assistance to Fiji that led to the promulgation of the Fiji International Seabed Mineral Management Decree in July 2013. Fiji becomes the first Pacific ACP country to pass DSM legislation with the DSM Project's support.

Additionally, the Project has developed a 'guide to developing a National Deep Sea Minerals Policy', and also Seabed Minerals Legislation template to promote harmonisation across the region, conformity to international law, and capture of the necessary technical provisions relating to mineral development. These templates, together with the Project's 2012 Regional Legislative and Regulatory Framework, can be used by any Pacific ACP State to develop their own policy and law, and the DSM Project offers additional support in adapting the templates to fit the country's requirements.

At the country's request, as well as an updated review of draft laws originally provided by the Project to Tonga in 2012, legal drafting assistance in the development of national seabed minerals legislation and regulations was rendered to Tuvalu, Niue, the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI). Further assistance was provided in the review of the Vanuatu Seabed Minerals Policy and the Cook Islands Environmental Regulations.

In recognition of the capacity building needs in the region, the DSM Project has devised and implemented a regional training programme to develop and enhance the knowledge of Pacific ACP States' stakeholders who represent various interests on issues relating to deep sea minerals. Part of this initiative is to conduct stakeholder awareness and training workshops on different aspects of deep sea mineral activities.

Three regional DSM training workshops were held this year. Representatives of relevant government agencies, civil society organisations, and DSM experts were invited and supported to attend. Private sector representatives were also invited to attend at their own cost. The first of the three workshops specifically focused on "Deep Sea Minerals Law and Government-Company Contract Negotiations". In addition to the relevant information presented on the legal aspects of deep sea minerals and contract negotiations, participants were exposed to a government-company negotiations role-play.

The second workshop of 2013 addressed “Social Impacts of Deep Sea Mineral Activities and Stakeholder Participation”. Participants were presented with both positive and negative social impacts of other extractive industries. In encouraging stakeholder participation, group discussion and role-play were part of the workshop, to assess the lessons learned from other extractive industries, and how management of social impacts and public engagement mechanisms can be improved for the new deep sea minerals industry.

Focusing on the Environmental Perspectives of Deep Sea Mineral Activities, the third training workshop was the last major event to be held in 2013 and was jointly organised by SPC through the DSM Project, and the Secretariat of the Pacific Regional Environment Programme (SPREP). The workshop intended to raise awareness on the potential environmental impacts of DSM activities and the level of research on the deep sea environment, and to provide a forum for discussion amongst environment professionals and other interest groups on how to prevent and mitigate environmental impacts.

Additional training initiatives include the ongoing legal internship programme whereby young law graduates and government lawyers have been trained on the legal aspects of DSM. Selected Pacific ACP States’ nationals were funded by the DSM Project to attend other capacity building events such as a short-term attachment at the US Geological Survey, and the International Seabed Authority (ISA) Annual Session attendance.

Another milestone achievement of the Project was the completion of the SPC-UNEP/GRID-Arendal publication on the state of knowledge on global deep sea minerals with specific emphasis on Pacific examples. This report, comprising a series of volumes, was reviewed, finalised and printed during the year; and was officially launched at the 4th DSM Regional Training Workshop in Nadi Fiji in December. The launch of this product marks the completion of a significant project deliverable and endeavours to provide quality DSM data and information to stakeholders in the Pacific region.

Similarly, the development and subsequent implementation of a Project communication strategy during the reporting period is crucial to achieving the Project’s goals. The Communications Strategy was designed to enable the DSM Project Team select and implement priority communications activities. Also captured in the strategy are some important communications aspects that enable Project partners to participate in DSM awareness and information sharing that will ultimately bring about positive behaviour change among stakeholders. The financial support of the European Union has been highlighted in all the Project communications.

A second independent review of the DSM Project was conducted by a European Union commissioned Result Oriented Monitoring (ROM) expert (Mr Carlos Palin) in October 2013. The review involved personnel interview with SOPAC Division management, DSM Project team members and selected stakeholders in Fiji, Cook Islands and Vanuatu. According to the ROM report the progress of project implementation is very good with an overall score of “B”. A number of recommendations are given in the report for the improvement of Project deliverables that will influence task implementation in 2014.

Finally, the 4th Meeting of the DSM Project Steering Committee was held in Rarotonga Cook Islands on Monday 7th October 2013. The Steering Committee acknowledged the significant progress of the Project in 2013, and endorsed the Project’s 2014 work plan.

1. Introduction

The year 2013 had been a challenging and yet productive year for the SPC-EU Deep Sea Minerals (DSM) Project with a number of major deliverables achieved during the year. Continuing from the achievements of 2011 and 2012, significant progress has been made in all the three remaining Key Result Areas (i.e. Key Result Areas 2, 3 and 4) of the Project.

In a genuine effort to fill knowledge gaps, strengthen institutional capacity, encourage dialogue between all stakeholders and share DSM information, the Project had spent significant time and resources on capacity building in 2013. The three regional DSM training workshops that were held during the year have generated enormous interest among government officials, and representatives of Civil Society Organisation (CSO), Private Sector and other interest groups. These project events posed an opportunity to engage with different stakeholders with polarised views on DSM.

With ongoing DSM consultation and awareness at both national and community levels, the Project has been successful in bringing the relevant parties together to openly discuss various issues relating to DSM that enables stakeholders to make informed decisions. While a number of countries were assisted during the year with the development of their national DSM policy, legislation and regulations, a persistent challenge remains in the effort to finalise and enact these national laws. Further engagement with senior government officials who are responsible for national DSM policy and law will be required in the next two years.

The Project has made significant progress in attracting implementing partners' assistance as demonstrated through various collaboration initiatives in 2013. In addition to the remaining project tasks, the 2013 independent ROM report identified some areas requiring improvement together with new activities. The granting of a two year no-cost extension to the Project presents an excellent opportunity to improve the implementation of the remaining activities.

This report highlights the 2013 Project accomplishments, the challenges encountered in the course of implementing project activities, and the 2014 work plan and budget.

2. Project Staff Recruitment

With the endorsement of the EU Delegation for the Pacific, two additional full-time project positions were advertised and recruited during the reporting period. First, the position of Legal Assistant was advertised in February 2013, and following the interview, Ms Annie Kwan Sing was offered the post and was in post in May. Ms Sing, a Fijian/I-Kiribati national, is a law graduate of the University of the South Pacific, and a DSM Project legal internship alumna. The Legal Assistant is providing assistance to the Project's Legal Advisor in addressing legal issues pertaining to DSM activities.

At the closure of application for the Environment Advisor in May, only three applications were received and none of them met the requirements for the post. It was then decided that the job description for this position be reviewed and the position to be readvertised.



Following the recruitment process, in accordance with SPC recruitment procedures, the post was offered to Ms Alison Swaddling of Australia. A graduate of James Cook University in Marine Science, Alison spent 6 years working for Nautilus Minerals Inc on the Solwara 1 Project in PNG as an Environmental Scientist, prior to joining the Project.

Name: Alison Swaddling,
DSM Project Environment Advisor

3. Key Result Area 2: *Formulation of National Deep Seabed Minerals Policy, Legislation and Regulations*

3.1 Country Visits and Consultations

The PNG National Deep Sea Minerals Stakeholder Consultation was held in Port Moresby in May 2013 and it marked the conclusion of the Project's national stakeholder consultation workshops in all 15 Pacific ACP States. The highlights of the other national workshops can be found in the 2012 DSM Project progress and annual reports.

The DSM Project Legal Advisor travelled to the Republic of the Marshall Islands (RMI) and the Federated States of Micronesia (FSM) in May 2013, and met with Government colleagues in each country, to discuss next steps for developing national DSM policy and law.

3.1.1 Papua New Guinea

The PNG National Stakeholder Consultation Workshop on DSM was held at the Mineral Resources Authority (MRA) headquarters in Port Moresby on the 2nd of May 2013. This event was jointly organized by the DSM Project and the PNG's Department of Mineral Policy and Geohazard Management (DMPGM), as part of the combined effort to present the Project to in-country stakeholders, collectively discuss national priorities in relation to DSM issues, and agree on the way forward enabling SPC through the DSM Project to assist PNG in addressing those issues.

In attendance were officials representing the following agencies: DMPGM, MRA, Department of Foreign Affairs, Department of Commerce and Industry, Department of Finance, Department of Justice, National Fisheries Authority, Petromin PNG Holding Ltd, University of Papua New Guinea (UPNG), Chamber of Mines and Petroleum, Nautilus Minerals Inc, and Civil Society Organisations (CSOs). A total of 44 participants attended the workshop (Figure 1).



Figure 1: *Participants of the PNG National DSM Stakeholder Consultation Workshop.*

Nine major action points were identified during the workshop that requires the Project's assistance:

- (i) review the offshore mining policy, and the Mining Act 1992,
- (ii) support DSM law compliance initiatives,
- (iii) if required, support the review of the mining fiscal regime (currently reviewed by the Commonwealth Secretariat) including DSM to ensure reasonable fees, royalties, and taxes are paid to the State,
- (iv) provide technical and funding support to Government, NGOs and resource owners to participate in DSM environmental management and monitoring;
- (v) draw upon regional organisations such as SPC to support and facilitate independent monitoring of deep sea mining in PNG;
- (vi) hold DSM consultation and awareness raising initiatives with relevant stakeholders and local communities,
- (vii) support the participation of PNG nationals including NGO representatives and resource owners in DSM capacity building initiatives,
- (viii) longer term development of a school of excellence with one of the national universities (UPNG or UOT) to drive capacity development in marine scientific research and mineral prospecting, and
- (ix) carry out a cost-benefit analysis of deep sea mining in PNG.

3.1.2 Republic of the Marshall Islands

The DSM Project Legal Advisor visited RMI in May 2013, hosted by the Ministry of Resources and Development, and held meetings with representatives of relevant government agencies in Majuro. A way forward was agreed whereby a process would be followed in regard to the

development of RMI's DSM policy and law. Following this visit two government lawyers, Mr Johnnathen Kawakami and Ms Yolanda Lodge of the RMI Parliamentary Council were on placement with the DSM Project between September and October 2013. Apart from the Johnnathen and Yolanda undertaking the legal training on DSM they were also working on the RMI DSM Policy and a draft DSM Bill with the assistance of the DSM Project Legal Advisor.

3.1.3 Federated States of Micronesia

The DSM Project Legal Advisor visited Pohnpei in May 2013, spending time with the Ministry of Resources and Development and the Attorney General's Office. During the visit, briefings were provided to government officials (including Environment, and the National Offshore Resources Management Authority), and to the Resources and Development Standing Committee of the Congress of the Federated States of Micronesia ('FSM').

A thorough review of FSM's existing legislation was conducted, and a recommendation report for new DSM laws was submitted. It was agreed for the Assistant Attorney General to undertake a placement with the DSM Project in Suva in August 2013, in order to develop a first draft DSM Bill for FSM, to be presented to Congress later in the year.

3.2 Development of National Legal Instruments

The DSM Project has provided significant legal drafting assistance and legal advisory services to a number of countries during the reporting period. Some countries are using the "Pacific ACP States Regional Legislative and Regulatory Framework for Deep Sea Minerals Exploration and Exploitation" (RLRF), published by the DSM Project in 2012, to prepare and/or review their respective DSM legal instruments.

3.2.1 DSM Policy and Legislation Templates

The DSM Project has developed a national DSM policy guide (with template wording) and a number of 'model law' templates, based on the Project's 2012 Regional Legislative and Regulatory Framework for DSM (the RLRF). These 'model' instruments are designed to assist national DSM legal instrument capture appropriate provisions of international law and relevant best-practice pertaining to deep sea minerals development. The templates cover DSM licensing and regulation, and containing options and commentary, to enable its use by any country.

While it is essential that such 'models' are properly adapted to each country's particular context, the use of the templates will encourage Pacific ACP States to adopt similar DSM policy and laws, and should trigger regional cooperation in areas of common interest such as marine scientific research and capacity building. The template instruments will facilitate the drafting of national DSM policy and law with ongoing support from the DSM Project with regards tailoring them into a country-specific form. Copies of these templates have been shared with many Pacific ACP States.

3.2.2 Tonga – Review of Seabed Minerals Bill, draft Regulations, and draft Policy

To ensure that the draft Tonga Seabed Minerals Policy, Legislation and Regulations (provided by the DSM Project to Tonga Government in September 2012) are robust and commercially sound, a mining law consultant was contracted by the Project to review these legal documents. Subsequently, suggested revisions were submitted to the Government of Tonga through the Attorney General's Office in May 2013.

3.2.3 Fiji International Seabed Mineral Management Decree

The DSM Project was instrumental in drafting Fiji's International Seabed Mineral Management Decree early this year. The draft was developed in consultation with the Government of Fiji through the Ministry of Foreign Affairs and International Cooperation and the Marine Affairs Coordinating Committee (MACC). This law relates to Fiji's anticipated engagement with seabed activities in international seabed area ('the Area'), and is the only modern law on this subject in the world.

Following in-country stakeholder consultations, the Decree was finalised by the Attorney General's Office and it was promulgated in July 2013. Fiji becomes the first Pacific ACP country to pass DSM legislation with the DSM Project's support.

3.2.4 Tuvalu Seabed Minerals Legislation and Regulations

The Tuvalu Seabed Minerals Bill and Licensing Regulations were prepared by the DSM Project at the request of the Tuvalu Government (subsequent to the legislative review report provided in 2012). These two legal documents have been completed and submitted in June 2013 to the Office of the Attorney General and the Ministry of Lands and Natural Resources in Tuvalu, along with the Project's guide to developing a national DSM policy. The Project is awaiting feedback and further instructions regarding the public consultation and subsequent review of the legislation and regulations.

3.2.5 Niue Seabed Minerals Legislation and Regulations

After receiving the official request from the Government of Niue, the DSM Project embarked upon a desk review of Niue's existing legislation, and provided a report in April 2013 identifying where there were gaps with regards the management of potential DSM activities. Subsequently the DSM Project completed a draft Seabed Minerals Bill and Licensing Regulations, which were submitted to the Government of Niue through the Crown Law Office and the Ministry of Works in June 2013.

A copy of the DSM template for developing a national DSM policy was also provided to the Government of Niue. Further advice is awaited on how the DSM Project may assist with stakeholder consultation, policy development, and further review of the two legal documents.

3.2.6 Federated States of Micronesia Seabed Minerals Legislation and Regulations

A Seabed Minerals Bill and Licensing Regulations were prepared by the DSM Project in collaboration with the Attorney General's Office of FSM. The activity was undertaken at the request of the Government, by a funded training placement at the DSM Project office for

FSM's Assistant Attorney General, during which the Project 'model' documents were tailored for FSM's purposes with the Project's support. These two legal documents have been completed and submitted in August 2013 to the Office of the Attorney General.

3.2.7 Republic of the Marshall Islands Seabed Minerals Bill

After receiving an official request from the Government of RMI, the Project in collaboration with two Assistant Attorney-Generals who were on a 2-week placement with the Project, have developed a draft Seabed Minerals Bill and Regulations for the RMI. The Bill and Regulations are based on the model templates provided by the Project, and had been submitted to the Government of RMI in October 2013.

3.2.8 Vanuatu Seabed Minerals Policy

With reference to the DSM national policy guide provided by the DSM Project, the Government of Vanuatu has developed a Vanuatu National Deep Sea Minerals Policy. At the request of the Department of Geology, Mines and Water Resources (DGMWR), the Project provided comments on the draft Vanuatu Seabed Minerals Policy. With the financial support of the Project, the DGMWR is expected to conduct a nationwide consultation on the draft Vanuatu DSM Policy in 2014.

3.2.9 Solomon Islands Review of Minerals Act

Discussions have been ongoing with the Government of the Solomon Islands and a World Bank Consultant (Prof James Otto) on the review of the current Solomon Islands Minerals Act – to which the Project will contribute expert advice and assistance on offshore mineral aspects. The Project is expected to provide assistance with the development of a national deep sea minerals policy. This activity is expected to commence in the 2nd quarter of 2014 and will be carried out in collaboration with relevant government agencies and the World Bank.

3.2.10 Cook Islands

In consultation with the Cook Islands Seabed Minerals Authority (SBMA) and the National Environment Services (NES), draft Environment (Permitting and Consents) Regulations 2013 were reviewed by the Project, and amendments were proposed to incorporate relevant provisions that deal with deep sea mineral activities.

3.2.11 Other Legal Assistance

The DSM Project continues to provide legal advice and assistance on request to Pacific ACP States during the reporting period. Project personnel have been involved in the review / preparation of other legal documents, and responding to ad hoc requests for legal advice, relating to DSM for a number of countries.

4. Key Result Area 3: *Strengthened and increased national capacities*

In responding to regional and national capacity needs, and taking into account specific P-ACP States and other stakeholder requests, the DSM Project continues to implement appropriate capacity building initiatives. These include providing funding for nationals of Pacific ACP States to participate in national and regional training workshops, short-term training placements, international conferences, shipboard training, and data management.

4.1 Regional Training Workshop

Part of the Project's capacity building initiative is to organise a series of regional short-term training workshops on various technical aspects, policies, contract negotiation, stakeholder participation and fiscal matters relating to DSM. In addition to the 2nd and 3rd Regional Training Workshops that were held in the first half of 2013, the Project convened the 4th regional training workshops in December of the same year.

These events were designed to enhance the knowledge of government officials as well as other participants representing various interest groups on issues relating to DSM. Representatives of Pacific ACP States Governments, as well as Civil Society Organisations (CSO) were supported by the DSM Project to attend and participate in these training workshops. Detail account of the 2nd and 3rd training workshops are covered in the 2013 January-June progress report.

4.1.1 2nd Regional Training Workshop – DSM Law and Contract Negotiations

Recognising that many Pacific ACP States do not have the necessary capacity and negotiation skills to engage with extractive industries, the 2nd regional DSM training workshop was held in Nukua'lofa Tonga in March 2013 (Figure 2). The workshop focused on the theme: "Deep Sea Minerals Law and Government-Company Commercial Agreement Negotiations", to enable participants better understand important legal and contract negotiation aspects of DSM activities. With a number of companies approaching Pacific ACP States for partnership and/or sponsorship, contract negotiation is considered a matter of priority.



Figure 2: *Participants of the 2nd Regional Training Workshop in Nukua'lofa Tonga.*

The objectives of the workshop were to enable participants to:

- Have a basic understanding of the composition and location of DSM deposits, and the associated marine biology.
- Have a realistic view of the likely benefits and costs for a State engaging in DSM.
- Understand a DSM company's operations and perspective.
- Have a good understanding of the international legal framework pertaining to the governance and administration of DSM resources, and how this can be implemented at national level.
- Be confident to enter into negotiations with DSM companies (or choose not to).
- Be able to spot a 'bad deal' or a 'good deal' for the country, and be able to identify aspects could be altered to make the deal more favourable.
- Have reference materials and know where to turn for assistance with any future engagement with DSM companies.

The contract negotiations role-play was the highlight of this workshop and a full day was dedicated to this activity. The negotiation teams also experienced interactions from CSO representatives as part of the role-play – and the CSO teams were able to share at the end of the workshop mocked-up news releases, highlighting how different types of Company and Government engagement with civil society led to different media messaging.

Each participant was issued with a Certificate of Completion for their participation in the workshop. A full account of this training workshop is captured in the proceedings report.

4.1.2 3rd Regional Training Workshop – Social Impacts and Stakeholder Participation

Addressing potential social impacts of DSM activities and the importance of meaningful engagement with key stakeholders to inform decision-making are important topics in the context of DSM management. Consequently, the Project's 3rd Regional Training Workshop focused on "Social Impacts of Deep Sea Mineral Activities and Stakeholder Participation". The workshop was held in Port Vila Vanuatu in June 2013 and was organised by the Project in collaboration with Vanuatu's Department of Geology, Mines and Water Resources (DGMWR) (Figure 3).

The objectives of the workshop were to:

- learn lessons from the social impacts of other industries;
- identify the likely social impacts of DSM activities as well as preventative and mitigating measures;
- demonstrate how informed decisions are made through broader stakeholder engagement;
- develop a process that ensures meaningful stakeholder participation in decision making relating to deep sea mineral activities, and
- explore effective methods of conducting DSM awareness and information sharing.



Figure 3: *Participants of the 3rd Regional DSM Training Workshop in Session.*

In his opening address, the Honourable Minister for Lands and Natural Resources, Mr Ralph Regenvanu, said that wider stakeholder consultation is needed before any further action is taken with regards DSM activities in Vanuatu. The Minister's comments resonated well with the workshop's objective to promote and encourage greater stakeholder consultation on DSM issues in the Pacific ACP States.

A wide range of participants attended the workshop including representatives from CSOs, deep sea mining companies and national governments from 14 Pacific ACP States. The event was a mixture of presentations, group discussions and group presentations. Working groups were also involved in developing and demonstrating how effective communication of DSM information could be used to inform various in-country stakeholders including local communities.

The workshop enabled participants to interact and share their concerns with each other, and to discuss potential challenges and opportunities for Pacific Island nationals if this new sector was to expand throughout the region. Group discussions highlighted issues pertaining to potential social impacts of deep sea mining, and the importance of public debate and engagement.

A Certificate of Completion was handed to each participant at the end of the workshop. The workshop proceedings report is expected to be finalised soon.

4.1.3 4th Regional Training Workshop – Environmental Perspectives of Deep Sea Mineral Activities

Due to ongoing stakeholder concerns on potential environmental impacts of deep sea mineral activities, particularly on fishery resources, and the many unknowns associated with deep sea mining, it was prudent to conduct training that specifically targeted environmental aspects of deep sea mineral activities. It was considered appropriate to hold this workshop in collaboration with the Secretariat of the Pacific Regional Environment Programme (SPREP), to explore how the regional two organisations can work together to assist Pacific ACP States in addressing some key environmental issues relating to DSM activities in the region.

The workshop was held in Nadi Fiji between Monday 9th and Friday 13th December 2013. In addition to the SPC and SPREP in-house capacities, competent individuals were contracted as resource experts during the workshop. In addition, other speakers including country representatives were invited to speak on specific topics and share their experiences. Two government officials from each of the 15 Pacific ACP States were invited and supported to attend this workshop. In addition, representatives of CSO, exploration companies, research/academic institutions, and Pacific territories were also present. A total of 89 participants attended the training workshop.



Figure 4: (A) Mr Samuela Namosimalua delivering the opening speech; (B) Mr David Sheppard giving his remarks on behalf of SPREP.

The objectives of the workshop were to:

- provide current state of knowledge of the deep sea environment to the participants through presentations from world renowned experts.
- encourage information and experience sharing between nations particularly in relation to national responsibilities within the Environmental Impact Assessment (EIA) process,

such as evaluating the EIA, establishing the Environmental Management Plan (EMP), monitoring and enforcement.

- assist countries to identify capacity gaps for implementing all steps of the EIA process at national and regional scales.
- review the EIA template developed by the International Seabed Authority (ISA) and the SPC with consideration to the three mineral deposit types
- assess regional issues, particularly any policy needs.

The training workshop was officially opened by Mr Samuela Namosimalua (Figure 4A), Fiji's Permanent Secretary for the Ministry of Local Government, Urban Development, Housing and Environment. In his opening remarks, Mr Namosimalua congratulated SPC and SPREP for organising this important event that would allow participants from Pacific Island Countries to discuss the potential environmental impacts of deep sea mining and formulate mitigating strategies.

In his responding remarks, SPREP's Director General, Mr David Sheppard (Figure 4B), said there was a critical need for more baseline environmental data to be collected to enable Pacific countries to ensure informed decision making and strengthen the responsible management of their deep sea mineral resources. He suggested that mining companies need to allocate resources for independent scientific studies of the biodiversity associated with deep sea mineral deposits and the deep sea environment in general.



Figure 5: (A) Prof Mike Petterson delivering SPC's responding remarks; (B) Prof Cindy Van Dover during one of her training sessions.

On behalf of SPC, the Director of the SOPAC Division, Professor Mike Petterson (Figure 5A) said the workshop would help to ensure that the best current knowledge is used to put in place regulatory measures before any seabed mining starts. He emphasised that by proactively agreeing on common standards and tools across the region, development partners can empower member

countries to protect their marine environments and apply the precautionary approach, whilst exploring the economic opportunity presented by their seabed minerals. Metals are essential for development and recent increasing demand for non-traditional metals such as rare earth elements for high-tech materials is a classic example.

Two deep sea environment specialists were contracted by the DSM Project as experts to deliver some of the training sessions. Prof Cindy Lee Van Dover (Figure 5B), Director of the Duke University Marine Laboratory in the USA, has been involved with deep sea and seabed biological research for nearly 30 years; and Dr Malcolm Clark, Programme Leader – Marine Biological Resources at NIWA in Wellington New Zealand, also a deep sea biologist with a speciality in fishery and biological communities associated with manganese nodules resources.

Apart from SPC and SPREP presenters and facilitators, participants representing government agencies, the private sector, research institutions, and CSO also made presentations. Participants were encouraged to participate in panel, plenary and working group discussions.



Figure 6: *Participants during working group discussions.*

In the last two days of the workshop, participants were divided into 6 working groups (Figure 6) with each being allocated one of the following 6 discussion topics: (1) review the template for Seafloor Massive Sulphides EIA, (2) review the template for Manganese Nodules EIA, (3) review the template for Cobalt-rich Crusts EIA, (4) Strategic Environmental Assessment (SEA) Guidelines, (5) Marine Spatial Planning, (6) Regional Cooperation. Group Leaders made presentations at the last plenary session on the revised templates for SMS, crusts, and nodule EIAs that were produced during the discussion sessions.

A Certificate of Completion was handed to each participant at the end of the workshop (Figure 7B). The workshop proceedings report is currently under review and will be distributed to participants once finalized.

4.2 DSM Training Placement at USGS

Following the dispatch in October 2012 of 26 selected Cook Islands manganese nodule samples to the US Geological Survey in Santa Cruz, arrangements were made between the DSM Project, Dr Jim Hein (USGS) and the Cook Islands' Seabed Minerals Authority (SBMA) to identify a suitable Cook Islands' national to participate in the nodules' geochemical analysis, as well as data analysis and interpretation. Dr Duane Malcolm (Figure 7) was selected by the Cook Islands' SBMA to undertake this activity.

The DSM Project provided full financial support for Dr Malcolm's training as part of its ongoing capacity building initiatives. Dr Jim Hein, a senior scientist at the USGS was responsible for Dr Malcolm's training.



Dr Malcolm also performed some statistical analysis on the first half of the Cook Islands data and some Clarion-Clipperton Zone (CCZ) data. A comparison of the nodule values of the CCZ and that of the Cook Islands was also conducted.

Figure 7: Dr Duane Malcolm (2nd from left) pictured in front of the ROV during a tour on the RV Dorado.

A second batch of Cook Islands manganese nodule samples that were stored at the SOPAC Division archive was dispatched to Dr Jim Hein of the US Geological Survey (USGS) for geochemical analysis in the last quarter of 2013.

4.3 Funding Support for SBMA Legal Officer

Ms Alex Herman (Figure 8), the Senior Legal Officer of the Cook Islands Seabed Minerals Authority (and DSM Project legal internship alumna) was partially funded by the DSM Project to attend a three-week course on the UN Law of Sea and Ocean Policy at the Rhodes Academy in Greece in July 2013. This initiative is part of the DSM Project training to strengthen Government capacity to support best-practice management of DSM issues in the country.

The Rhodes Academy of Oceans Law and Policy is an international collegial institution that runs a three week intensive course of study with lectures by leading jurists, practitioners, and international law faculty from around the world. The first two weeks focus on the foundations of modern oceans law, recent developments, and an overview of the 1982 United Nations Conference of the Law of the Sea. In the second week, several short courses address specific



topics under the rubric of oceans law and policy. The third week typically focuses on an issue of current concern to the international community. Passing an optional examination enables students to receive a diploma from the Rhodes Academy.

This capacity building initiative will be continued into 2014, should Pacific ACP states wish to participate.

Figure 8: Ms Herman receiving a Diploma from Rhodes directors, Nikos Skourtos (left) and Rudger Wolfrum (right).

4.4 Engagement with the ISA

The DSM Project recognises the crucial role of the International Seabed Authority (ISA) and its mandate to manage and administer seabed resources in the international seabed area ('the Area'). Right from the inaugural regional consultation workshop for the DSM Project that was held in Nadi Fiji in June 2011, the DSM Project has recognised the ISA as a key partner and has sought to engage the ISA Secretariat in its activities.

SPC through the SOPAC Division has been granted 'Observer Status' at the ISA Annual Session. In July 2013 Ms Hannah Lily (DSM Project Legal Advisor) attended the ISA Annual Session that was held at the ISA headquarters in Kingston Jamaica representing the SPC (Figure 9). Hannah also used this opportunity to familiarise herself with the operations and procedures of the ISA and also provided, legal advice to Pacific country representatives who attended the meeting, and supervisory support to the two Pacific Island Legal Interns hosted by the ISA (see below).

Additionally, two government lawyers (one each from Tonga and Fiji) were sponsored by the DSM Project to undertake a pilot SPC/ISA 4-week legal internship. Working alongside the ISA Legal Team the two Pacific Island law officers were able to participate in the preparatory meetings prior to the 2013 International Seabed Authority (ISA) Annual Session and to attend the Annual Session. This is part of the Project capacity building support enabling young government lawyers in the region to familiarise themselves with the ISA operations as well as to learn the rules and procedures governing the ISA.



Figure 9: Mr Taaniela Kula (Tonga), Ms Hannah Lily and Mr Paul Lynch (Cook Islands) during the ISA Annual Session in Jamaica in July 2013.

In support of countries' engagement with the ISA, two senior government officials (one each from Tonga and Cook Islands) were supported by the DSM Project to attend the 2013 ISA Annual Session. Also a candidate from Kiribati was partially funded to attend the same meeting. The DSM Project encourages PICs to engage with the ISA and to establish networks with potential partners from around the world to promote their DSM interest. This is particularly useful for countries that have an interest in "the Area", and for PICs to develop a longer term collective strategy to support each other and raise the Pacific region's profile at the ISA. Through this regional cooperation, PICs can influence the international regulatory and financial regime currently under development by the ISA in their best interests.

4.5 Legal Internship

The DSM Project's legal internship programme has attracted much interest among law graduates as well as young government lawyers in the region. In 2013, a total of four law graduates and an additional four government lawyers participated in the internship programme and helped the Project in either drafting their respective national DSM policy and law or

providing legal opinion on project reports. The following four interns joined the DSM Project at different stages in 2013:

- (1) Ms Taaitulagi Tuioti completed her LLB Degree at the University of the South Pacific (USP) in 2012 and joined the DSM Project as part of her Professional Diploma in Legal Practice (PDLP) placement in April-May 2013. Ms Tuioti states that she hopes to take back the knowledge she has acquired from the Project to improve Samoa's position with regards to its national laws, to help safeguard Samoa's ocean life and environment for the future.
- (2) Mr Maito'o Hauirae also completed his undergraduate law degree at USP in 2012 and joined the DSM Project internship scheme for his PDLP work placement in April-May 2013. While being an intern in DSM, Mr Hauirae was involved in legal research, drafting and review of national laws. He returned to the Solomon Islands after his training to work as a Government lawyer, and hopes to pursue his interest in DSM.
- (3) Ms Lisepa Paeniu, a Tuvaluan, another law graduate from USP, joined the DSM Project in July – August 2013. During her time with the project, apart from conducting legal research and ad hoc tasks, Ms Paeniu was given the main task of drafting an explanatory guide for the Tuvalu Seabed Minerals Bill and Regulation. Ms Paeniu is now working as a legal officer for the Government of Nauru.
- (4) Ms Marica Vereakula, a Fiji National and recent law graduate from USP joined the DSM Project between October – November 2013 as part of her post graduate (PDLP) attachment. Apart from conducting research and reviewing laws and letters, Marica was given the main task to research and draft a paper on developing States and the ISA.

In addition to the legal interns, the following government lawyers were hosted on 2-week placements with the DSM Project at different periods in 2013:

- (5) Mr Daniel Damilea, the senior crown counsel at the Attorney General's Office in Solomon Islands, joined the DSM Project for 2 weeks in June 2013 for training in relation to deep sea minerals law.
- (6) Mr Joses Gallen, Assistant Attorney General in FSM, joined the DSM Project for 2 weeks in August 2013 in order to develop a first draft of FSM's Seabed Minerals Bill, Regulation and Explanatory Guide – based on the DSM Project model documents.
- (7) Ms Yolanda Lodge and Mr Johnathen Kawakami, both Assistant Attorney Generals in RMI, joined the DSM Project for 2 weeks between October and November 2013. They were focused on (i) drafting a Cabinet paper for RMI's next steps with DSM, and (ii) a first draft Law for RMI's management of deep sea minerals that can be developed following further in-country consultation.

More information about the DSM Project legal internship programme can be viewed on the DSM Project website: <http://www.sopac.org/dsm/index.php/internship-program>

4.6 GIS and Data Management Training for Solomon Islands

An institutional capacity assessment was carried at the Ministry of Mines in Honiara in 2013 to gauge in-house capacity and needs, and how the SOPAC Division can assist. During this 'needs analysis' the following issues relating to data management were established:

- (i) cadastral system of data management is highly desired at the MMERE,
- (ii) training on the use of 'Geographic Information System' (GIS) in field mapping as well as preparing maps using GIS software are highly desirable,
- (iii) an appropriate mapping software is needed,
- (iv) data available in hard copy should be made available electronically,
- (iv) development of a database is required to capture all geology and mining data / information, with the assistance of external support, and
- (v) the Ministry website needs to be re-established and regularly updated.

Considering these identified 'need' areas, it was deemed appropriate under the scope of the DSM Project to provide assistance to the Ministry of Mines in Honiara, to improve deep sea minerals data management and to assist with the establishment of a national minerals database.

In an effort to address capacity in data management, the Ministry of Mines through the Geology and Mines Divisions has been discussing GIS and data management trainings with the Project. Accordingly, three officers from the Ministry of Mines in the Solomon Islands underwent GIS and data management training at the SOPAC Division for a month between October and November 2013, with the financial support of the DSM Project.

A Honiara-based Consultant (Mr Bryan Pitakia) was also at the SOPAC Division during the same period to assist with the GIS training. This initiative has greatly assisted the Ministry of Mines in managing minerals data including generating maps such as DSM exploration tenement maps in the Solomon Islands as well as DSM data storage and maintenance. GIS and data management training assistance is expected to continue in 2014.

4.7 Information Sharing

4.5.1 Communication Strategy

A Communication Specialist, Mr Steve Menzies, was contracted in early 2013 to develop a Communications Strategy for the DSM Project in consultation with the Project team, relevant staff of the SOPAC Division, and the SPC Regional Media Centre. The strategy is designed to enable the DSM Project Team to select and implement priority communications activities needed to help the project successfully achieve its objectives. Secondly, it aims to effectively communicate accurate DSM information to a wider range of stakeholders in the region and beyond.

The strategy highlights that the DSM Project needs to carefully prioritize target audiences and to develop effective partnerships with influential project "champions" outside of the SOPAC

Division, the NGO sector, and to engage effectively with the media. It is acknowledged that some countries will require greater and more immediate support in their public information work, because of the nature of the DSM resources located in their national jurisdictions and the expected levels of commercial interest.

The DSM Project communications, through media releases, workshops, videos and the quarterly newsletter (see below) have been enhanced during the reporting period as a result of implementing the strategy. Increasing stakeholder engagement was also realised.

4.5.2 DSM Community Consultation and Awareness

The DSM Project, in collaboration with relevant government agencies, has jointly-organised and financially supported a number of national and local community stakeholder awareness and consultation events as part of its wider stakeholder engagement and information sharing. The following have been accomplished during the reporting period:

- At the request of the Government of the Solomon Islands, a Government team (comprising a representative each from the Ministry of Mines, Attorney General's Office and Ministry of Foreign Affairs) together with a representative of a national conservation NGO were sponsored by the DSM Project to conduct stakeholder consultation in Lata Temotu Province. A team representing Neptune Minerals (a company that has DSM exploration licences in the Temotu Province) also attended this awareness and consultation workshop to present an update of their exploration activities and work plan.



Figure 10: Left to right – TIS executive member, Teina Mackenzie; SPC-EU DSM Project Team Leader, Akuila Tawake; debate winner Teherenui Koteka; EU Ambassador Andrew Jacobs; Teherenui's mother, Elizabeth Wright and; EU's Attache for Natural Resources and Infrastructure, Thierry Catteau.

- A Cook Islands Youth Debate on Deep Sea Minerals was held in Rarotonga in October 2013 in the margins of the SOPAC Division annual meeting. This event was organised jointly with the Cook Islands Government (through SBMA) and the Te Ipukarea Society (a Cook Islands' conservation NGO). Representatives of Cook Island Communities, Pacific Island Countries and Territories, regional organisations, interested academics and experts, and the European Union were present. The debate winner was rewarded with a return trip to Fiji meeting with the European Union Head of Delegation (Figure 10) in Suva and also to attend the 4th DSM Regional Training Workshop that was held in Nadi in December 2013
- The DSM Project provided funding support to a team of PNG government officials from the Department of Minerals Policy and Geohazard Management (DMPGM) and the Mineral Resources Authority (MRA) to conduct DSM awareness and consultation in a number of local communities along the west coast of New Ireland Province in November 2013. This part of New Ireland Province is the closest to the Solwara 1 project site. A Communication Consultant (Mr Steve Menzies) was contracted by the DSM Project to accompany the Government team to these stakeholder awareness / consultation meetings and also to conduct video interview of local community representatives for the 3rd DSM Project documentary.

4.5.2 DSM Documentaries

Mr Steve Menzies was contracted to direct the production of three DSM Project documentaries. This is part of the ongoing effort to educate a broad range of stakeholders as well as to share as much factual information as possible throughout the region.

This 1st documentary, called “Under Pressure” is a short video that describes the different mineral deposits that occur on the seabed and examines the perspectives of different stakeholders involved with DSM resources in the Pacific. It was launched at the 3rd regional DSM training workshop in June 2013. This documentary, is the first of a series of three films supported by the DSM Project, and it includes interviews by Dr Jimmie Rodgers, the Director General of SPC, and Honourable Samiu Vaipulu, Tonga’s Deputy Prime Minister.

The 2nd documentary titled “Out of Darkness” was launched during the 4th regional DSM training workshop in December 2013. This video explores the potential environmental issues related to the extraction of deep sea mineral resources and includes some spectacular underwater footage from several international science agencies. The film also includes interviews with scientists such as Dr Malcolm Clarke from NIWA, USGS’s senior scientist Dr Jim Hein, and Dr Ray Binns from CSIRO.

Both documentaries have been finalised and distributed to many stakeholders in the region and beyond and are also available on the DSM Project webpage: www.sopac.org/dsm

The 3rd documentary will focus on the Solwara 1 Project, the world’s first DSM mining lease that was granted by PNG Government to Nautilus in January 2011, and is expected to be released in the 3rd quarter 2014.

4.5.3 Information Brochures

Three project information brochures (Figure 11) were prepared, reviewed and finalised in 2013 (Figure 8) as part of the Project to share relevant information and build the knowledge base of Pacific ACP States on matters pertaining to DSM activities. The Cook Islands DSM potential information brochure includes recent resource estimation figures extracted from the 2013 Cronan report.

Hard copies of each of these information brochures have been distributed to Pacific ACP States and share to all stakeholders during Project events such as regional training workshops. Electronic copies are available in the Project webpage.

Information Brochure 11: Cook Islands Deep Sea Minerals Potential

Information Brochure 14: Public Participation in DSM Decision-making

Information Brochure 15: The International Seabed Authority

The International Seabed Authority (ISA) information brochure describes how the organisation was established, its structure and functions. It explains the opportunities for Pacific Island Countries as members of the ISA, how they can engage, and the duties of sponsoring States in 'the Area'.

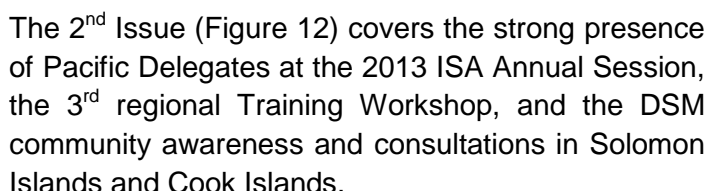


Figure 11: The three information brochures that were prepared and published in 2013.

4.5.4 Project Newsletter

The DSM Project has instituted a quarterly newsletter, 'The Prospect', to ensure that stakeholders throughout the region are kept informed on recent and planned DSM Project activities, as well as DSM related issues in the region and beyond. In 2013 two Issues of the DSM Project newsletter were prepared, finalised and distributed to stakeholders.

scientific/technical experts. A special interview of the SPC Director General, Dr Jimmie Rodgers, also featured in the newsletter.



Hard copies were distributed during regional DSM training workshops, the SOPAC Division meeting in October and other meetings organised by the DSM Project. The newsletters are also available on the DSM Project's webpage.

Figure 12: The 2nd Issue of the DSM Project quarterly newsletter 'The Prospect'.

The DSM Project mini-website had been revamped with the assistance of the Communication Specialist (Mr. Steve Menzies) and the SOPAC Division ICT Specialist, to ensure user-friendly information accessibility.

The website <http://www.sopac.org/dsm/> is fully operational and stakeholders in the region have been regularly advised that all relevant DSM information can be accessed and downloaded via the website.

The DSM Project continued to deliver a number of public presentations during the reporting period including guest lectures at the University of the South Pacific, the UNDP organised Symposium on Managing Extractive Industries in the Pacific that was held in Nadi Fiji in March 2013, the October SOPAC Division Annual Meeting in Rarotonga Cook Islands, and the SOPAC Division-Geoscience Australia meeting in Canberra in November.

In response to the Tonga Government's request, the DSM Project has provided some much needed office equipment to the Natural Resources Division of the Tonga's Ministry of Lands, Environment, Climate Change and Natural Resources (MLECCNR). A server, a multi-media projector and a digital scanner-copier were purchased (in accordance with the SPC procurement guidelines) in support of the Project's in-country capacity building and DSM data

management objectives. Additionally, this assistance was initiated with a view of providing the Natural Resources Division with the necessary equipment to effectively perform their regulatory role and other DSM related activities.

5. Key Result Area 4: *Effective management and mechanisms for the monitoring of offshore exploration and mining operations*

5.1 UNEP/GRID-Arendal Assessment Report

UNEP/GRID-Arendal was contracted by the Project in June 2011 to compile a report on the state of knowledge of Pacific marine minerals (Figure 13). There were delays in finalising this report, largely due to chapter authors and reviewers (working on voluntary basis) having some difficulties in finding the time to complete their chapters. Additionally, a significant amount of time was required by certain authors and reviewers to ensure the content is up-to-date and of the highest quality.



Figure 13: *The Pacific Marine Minerals report comprising an Executive Summary, Volumes 1A, 1B and 1C, and Volume 2.*

The publication was finalised and printed by UNEP/GRID-Arendal in time for the official launch during the opening session of the 4th Regional DSM Workshop on Monday 9th December 2013. The launch of this publication marks the completion of a major deliverable of the Project in its effort to collate and share credible deep sea minerals data and information in the global ocean.

In his remarks during the official launch, Professor Petterson said, “Today we are celebrating another milestone achievement of the SPC-EU Deep Sea Minerals Project that has been made possible through collaboration with UNEP/GRID-Arendal, the United Nations

Environment Programme (UNEP) collaborating centre located in Arendal, Norway”. Professor Petterson encouraged Pacific Island Countries and Territories to read this publication and learn more about issues relating to deep sea minerals.

This assessment report provides a synthesis and review of existing knowledge and information on deep sea minerals and is targeting a broad range of audience. It is also designed as a tool for managers and national experts who are engaged in developing national legislation, policy, technical and environmental guidelines and strategies related to various aspects of deep sea minerals. The publication would contribute to better planning and sound management of deep sea mineral resources in the region.

This publication was prepared and reviewed by a network of some 60 of the world’s leading experts. Volume 1 examines the geology and associated biology of the three principal deep sea mineral deposit types found in the Pacific Region and the environmental and technical aspects related to deep sea mineral extraction. Volume 2 provides a green economy context for examining how deep sea mining could be profitable, sustainable and meet the needs of Pacific Island countries without sacrificing cultural heritage, community values or the health of ocean ecosystems.



Figure 14: Prof Mike Petterson (left) presenting the SPC-UNEP/GRID-Arendal Pacific Marine Minerals Report to Mr Samuela Namosimalua (right).

The publication comprises the following parts:

- Executive Summary
- Volume 1A: Seafloor Massive Sulphides: A physical, biological and technical review
- Volume 1B: Manganese Nodules: A physical, biological and technical review
- Volume 1C: Cobalt-rich Ferromanganese Crusts: A physical, biological and technical review

- Volume 2: Deep Sea Minerals and the Green Economy: socio-economic, legal environmental policy, and fiscal aspects

A copy of the publication was presented to Mr Samuela Namosimalua, the Permanent Secretary of the Ministry of Local Government and Environment in Fiji, who received the report on behalf of the Pacific Island Countries and Territories (Figure 14).

Hard and soft copies of this report have been shared to Pacific ACP States as well as other interest groups. The report is available on <http://www.sopac.org/dsm/index.php/publications-and-reports>

6. Challenges

While the Project has successfully delivered a number of key outputs in 2013, it has had its fair share of challenges that need to be managed. Listed below are the major challenges encountered during the year and how the project responded to reduce their impacts.

- Lack of or delayed responses from some countries and the need to re-schedule planned activities. *Response: (i) Consulted in-country focal points and relevant agencies' representatives on how best to implement priority activities; (ii) developed and implemented an adaptive and responsive work plan.*
- Delayed deep sea mineral activities by exploration companies have affected the project capacity building schedule. *Response: (i) Negotiated alternative capacity building initiatives with other partners such as the USGS and ISA; (ii) increased the number of regional training workshops to address specific issues relating to DSM.*
- The campaign by a number of Civil Society Organizations (CSO) against the DSM Project was not anticipated during the project design. *Response: (i) Ongoing and persistent engagement with many CSO representatives in national and regional meetings and workshops (including training workshops) to (ii) ensured that CSOs are part of the decision making process and (iii) educated them on all aspects of DSM.*
- Prolonged in-country review process for national DSM legal instruments is anticipated. *Response: (i) Ongoing discussions with a number of countries on how to accelerate the review and enactment of national DSM policy and law, and (ii) the Project would target higher level intervention (i.e. Minister and Secretary levels) to speed up the review process and enactment of law.*
- High number of requests for legal advice and assistance, overwhelming the Legal Advisor's work capacity - and limited availability of consultants competent in this new legal area. *Response: (i) Recruitment of a Legal Assistant, to support the Legal Advisor's work and enable her to prioritise her time on substantive legal requests, and (ii) creative use of legal consultants where possible: i.e. using lawyers with non-DSM but related expertise for set tasks under supervision, and entering into trainee consultant arrangements, where the legal consultant can learn from the DSM Project.*
- Lack of expert advice on deep sea environment and fisheries has led countries to raise their concern about the potential impacts of deep sea mineral activities on the ocean living resources. *Response: (i) engaged fisheries experts from the FAME Division of*

SPC, PNA Secretariat, and NIWA to participate in regional training workshops, (ii) a Project Environment Advisor has been recruited to provide appropriate advice, and relevant environmental data and information to Pacific ACP States.

7. Sustainability and Ownership

The Pacific ACP States are strongly encouraged to ensure long term sustainability of revenue and benefits emanating from any deep sea mining project. As highlighted in the 2013 ROM (Result Oriented Monitoring), sustainability of the benefits will depend on prudent use of revenue streams and in the establishment and wise use of sovereign wealth funds. Right from the Project's inaugural stakeholder consultation workshop that was held in Fiji in 2011, the Project has been continuously emphasising transparent and good governance measures in how mining revenue will be managed.

From the outset, mining economists, revenue and sovereign wealth fund experts have been invited and supported to attend and provide advice during regional stakeholder consultation and training workshops. Relevant experts from renowned institutions such as the World Bank, UNEP GRID-Arendal, IHC Mining, and the International Monetary Fund (IMF) have been engaged to shed light on revenue management and the benefits of saving schemes with excellent examples from around the world. The Project will collaborate with the IMF through PFTAC (Pacific Financial Technical Assistance Centre) in convening the 5th Regional DSM Training Workshop that will specifically focus on the Financial Aspects of Deep Sea Minerals.

In addition to encouraging and supporting countries to establish NOMC (National Offshore Minerals Committee), a number of countries such as Cook Islands and Tonga have either established or strengthened relevant national institutions to be responsible for DSM activities. Other countries such as Kiribati, Solomon Islands and Fiji are using their existing government structures to address issues relating to DSM. As part of ownership transfer, the Project is supporting NOMC activities in a number of countries whereby members of this committee are actually implementing in-country Project activities. The Project is merely providing guidance and the financial support.

However, despite all the Project initiatives such as assisting countries to put in place necessary national legal instrument, filling knowledge gaps, sharing DSM information, and encouraging national stakeholder participation, some countries have clearly demonstrated that they would require external support to fully realise their DSM potential and the subsequent benefits. Most Pacific ACP States would require specific budgetary allocation in order to embrace and effectively support DSM activities. With the Pacific ACP States' support it would be prudent for SPC to secure another major funding in order to continue with the regional cooperative approach to DSM in the Pacific.

8. Communication and Visibility

In an effort to inform DSM stakeholders and increase the Project communication and visibility, a Project Communication Strategy was developed and implemented. In addition to the

information sharing initiatives of the Project as highlighted in Section 4.5 of this report, press releases have been issued from time to time as part of the DSM Project communication and visibility (Figure 15).

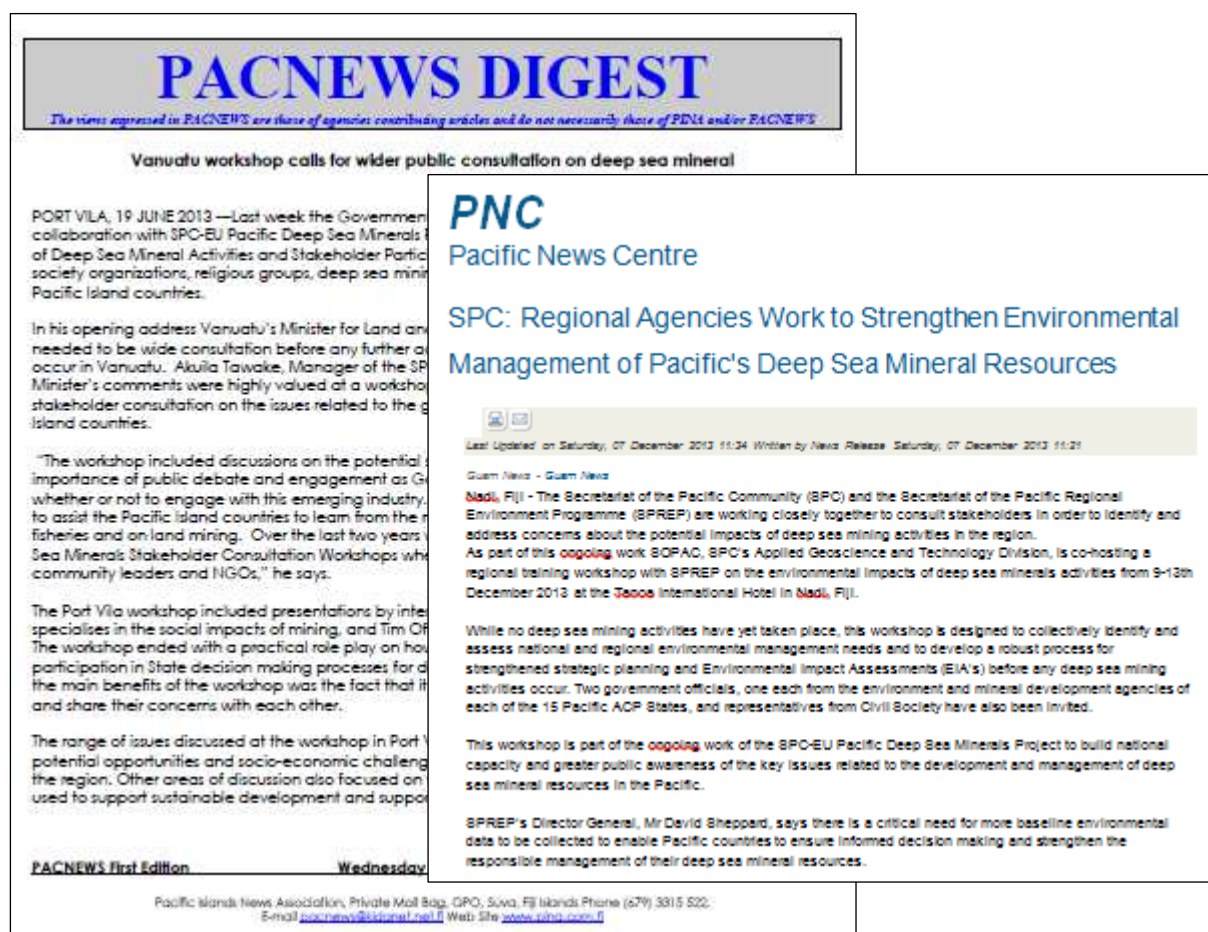


Figure 15: Samples of DSM Project press releases in 2013.

Major DSM Project events that were covered in the press releases and published in various media outlets throughout the region are: (i) 2nd, 3rd and 4th regional DSM training workshops, (ii) Official launch of the SPC-UNEP/GRID-Arendal publication; and (iii) national DSM consultation and awareness initiatives. Project events during the reporting period have been adequately covered and some of the press releases are shown in Figure 11 below.

Further, banner and posters were prepared and displayed during national and regional stakeholder consultation meetings as well as at regional training workshops. With the EU and SPC logos embedded, t-shirts, bags and wrap-around were made and distributed to participants during the training workshops.

The financial support of the European Union was highlighted in all official SPC press releases, and other communication and visibility initiatives of the Project in 2013.

9. 2013 Project Result Oriented Monitoring (ROM)

In October 2013, the European Union commissioned an independent Result Oriented Monitoring (ROM) expert to review the progress of DSM Project. This is the 2nd ROM of the Project following the first one that was conducted in September 2012. This is part of the overall quality assurance cycle of the EU and it provides external, objective and impartial feedbacks on the performance of projects / programmes funded by the EU. The objectives of the ROM are to: (i) give feedback to Project management; (ii) provide an overview of the European Commission development Aid portfolio; and (iii) contribute to lessons learned and best practices.

Mr Carlos Palin was appointed as the ROM expert to review the DSM Project that took place between 7th and 21st October 2013. This exercise involved the review of project reports and outputs as well as face-to-face interviews with SOPAC management, DSM Project team members, and selected stakeholders in Fiji, Cook Islands and Vanuatu - which were visited by Mr. Palin in order to hold in-country interviews. In addition, documents were analyzed including: project documents, technical reports, progress and annual reports, information brochures, DSM Project legal outputs including the RLRF, and workshop reports.

The draft report was sent to the DSM Project through the European Union Delegation for the Pacific in November 2013 for comments. The outcome of the ROM is tabulated in Table 1 below with an overall score of "B". The ROM reviewer observed that the popularity of the Project and resulting high demand from Pacific-ACP States, while positive in terms of Project relevance, had led to delays in comprehensive Project delivery (hence the 'C' grade (below) – and for that reason the current Project would benefit from an extension, to enable more time to meet those demands effectively.

A number of recommendations were also given in the report for the improvement of Project deliverables hence some adjustments (e.g. reporting of progress against indicators, and the idea to work towards the development of a legally binding regional DSM Protocol) to be implemented in 2014, in consultation with the P-ACP States and the European Union.

Table 1: Summary of the 2013 DSM Project ROM.

Assessment Criteria	Result
Relevance and Quality of Project Design	B
Efficiency of Implementation to date	B
Effectiveness to date	C
Impact Prospects	B
Potential Sustainability	A
Overall Score	B

Note:

ROM Result Grading: A – very good; B – good; C – problem; D – serious deficiencies

10. 4th Project Steering Committee Meeting

The 4th DSM Project Steering Committee meeting was held in Rarotonga Cook Islands on 7th October 2013. Eleven of the fifteen participating countries of the DSM Project were represented during the meeting, as representatives of Palau, Niue, RMI and Timor Leste were unable to attend. Also in attendance were Mr Thierry Catteau, the officer in charge of the DSM Project at the European Union Delegation for the Pacific in Suva, and Mr Jerry Huekwahin, of the Office of the Regional Authoring Officer (RAO). The meeting was chaired by Prof Mike Petterson, the Director of the SOPAC Division of SPC.

The Project Team Leader gave a presentation highlighting the achievements, the challenges that have been encountered during the year and the 2013 work plan. This was followed by the Project Legal Advisor's presentation on the 2013 International Seabed Authority Annual Session and the principle of Free, Prior and Informed Consent – seeking guidance from the Steering Committee on proposed future activities in these two identified areas of interest.

The minute of the meeting (see Annex 1 of this report) was prepared and sent to attendees for comments before it was finalised.

11. 2014 Work Plan

An in-house review of the DSM Project 2014 Work Plan was conducted in December this year. The revised Work Plan is given in **Annex 2** of this report.

12. Consultants

The following Consultants were engaged in 2013:

- Mr Steve Menzies, a Communication Specialist of Steve Menzies Consulting Ltd was contracted for a month between January and February 2013 to develop a communication strategy for the DSM Project and conduct media training for the Project team.
- Dr. Cristelle Maurin, a lawyer, was engaged on a two-stage contract, to support the work of the DSM Project Legal Advisor. Under the arrangement, Dr. Maurin first undertook a 3-month internship (January-March 2013), working with the Project and receiving training in DSM law and other relevant matters, before undertaking a 2 month consultancy (April-May 2013) assisting the Project Legal Advisor.
- Ms Mary Louise Vitelli, a lawyer, was given a short-term contract as an expert in mineral contract negotiation to help facilitate the 2nd DSM Regional Training Workshop that was held in Tonga in March 2013.
- Ms Siena Taumoepeau, a lawyer and DSM Project legal intern alumna, was contracted as a rapporteur during the 2nd DSM Regional Training Workshop that was held in Tonga in March.

- Ms Seruwaia Vasukiwai was given 2 successive 6 month contracts (after the expiry of her last contract) to continue the collation relevant deep sea minerals data and information and to assist the Project Assistant when required.
- Mr Steve Menzies was engaged for a month between March and April to prepare press releases, produce the first DSM Project documentary, conduct video interviews with selected participants of the 2nd DSM Regional Training Workshop, compile the first issue of the project newsletter, and review the layout of the Project mini-website.
- Ms Mary Louise Vitelli was given a short-term contract in May to review the draft seabed mineral policy, legislation and regulations prepared by the DSM Project for Tonga.
- Prof Colin Filer was contracted as a resource social scientist during the 3rd DSM Regional Training Workshop that was held in Vanuatu in June.
- Mr Tim Offor was engaged as a stakeholder engagement specialist during the 3rd DSM Regional Training Workshop that was held in Vanuatu in June.
- Mr Steve Menzies was offered a 1-month contract to facilitate the media engagement and effective information sharing session during the 3rd DSM Training Workshop that was held in June in Vanuatu and also to conduct interviews with workshop participants for the 2nd DSM documentary. Steve was also responsible for preparing a press release prior to the workshop and engaged local media to cover the workshop.
- Mr Steve Menzies was contracted for a month between September and October 2013 to travel to Papua New Guinea and assist government officials with community stakeholder consultations, and to interview DSM stakeholders (government officials, local community representatives and NGO and company representatives) for the PNG DSM documentary, and to prepare the script and coordinate the production of the 3rd DSM Project documentary.
- Mr Amol Lal was engaged in September as the Editor of the 2nd DSM Project documentary called "Out of Darkness".
- Mr Bryan Pitakia was contracted as a GIS expert to conduct GIS training at the Solomon Islands' Ministry of Mines for three months beginning in late October.
- Mr Steve Menzies has been engaged for a month between December 2013 and January 2014 to prepare press releases, conduct video interviews with selected participants of the 4th DSM Regional Training Workshop, compile the 3rd issue of the Project newsletter, and to prepare an information brochure summarising the 2011 – 2013 Project deliverables.
- Prof Cindy Lee Van Dover (Duke University) was contracted as a resource scientist during the 4th DSM Regional Training Workshop that was held in Nadi Fiji in December.
- Dr Malcolm Clark (NIWA) was engaged as a resource scientist during the 4th DSM Regional Training Workshop that was held in Nadi Fiji in December.

13. Project Finances

A copy of the audited 2013 financial report of the Project will be made available to Pacific ACP States together with this report.

Given below is the budget for period 1 January 2014 to 31 December 2014:

Activity	Budget (Euro)
Technical Assistance	400,000.00
Short-term TAs/Training/Field Studies	800,000.00
Equipment/Consumables/Other supplies	150,000.00
Dissemination of Project Outputs	50,000.00
EU Visibility	40,000.00
Total Direct Costs	1,440,000.00
Indirect Costs (Overheads)	60,000.00
TOTAL	1,500,000.00

Annex 1

Deep Sea Minerals Project Steering Committee Meeting Edgewater Resort, Rarotonga, Cook Islands Monday 7th October 2013

Meeting Minutes

Professor Mike Petterson, Introductory Comments

Welcomed everyone to the SPC-EU Deep Sea Minerals (DSM) Project's Steering Committee Meeting and noted these meetings are essential for the countries to make known various issues they face in regards to DSM, and also an opportunity for the DSM Project team to present an update on Project activities to date. Members are encouraged to contribute effectively to discussions and make comments on how the Project can improve services and other key implementing activities.

Akuila Tawake, Update of DSM Project Activities, and Future Work Plan

Akuila presented on the project achievements as well as priority issues and challenges associated with project activity implementation in 2013. Major activities planned for 2014 were also highlighted.

Key Points of the presentation are highlighted below:

1) 2013 Project Staff Recruitment and Short-term Attachments

- ✓ A Legal Assistant (Ms Annie Kwan Sing) was recruited to assist the Project Legal Adviser, she commenced work in May 2013;
- ✓ A DSM Environment Adviser post has been advertised and shortlisted; interviews are scheduled for the end of the month (October) and the selected candidate is expected to commence work early 2014;
- ✓ A Legal Consultant (Dr Cristelle Maurin) was contracted from January – May 2013;
- ✓ Current Training attachments – Seruwaia Vasukiwai (Fiji), Talitha Sikara (PNG), Christine Prasad (Fiji).

2) The SPC-EU EDF10 Deep Sea Minerals Project:

Key Result Area 1 Task Deliverables – Development of the “Pacific ACP States Regional Legislative and Regulatory Framework” (RLRF)

The RLRF for Deep Sea Minerals Exploration and Exploitation was prepared, published and distributed in 2012. This completes the deliverable under Key Result Area 1 of the Project. Pacific-ACP States are using the RLRF to develop/review their national DSM policy, legislation and regulations.

3) Key Result Area 2 Task Deliverables – Development of National policy, legislation and regulations

I. Stakeholder Consultations

The Project has completed all 15 National DSM stakeholder consultation workshops in countries. The final country was Papua New Guinea and the national DSM workshop was held in Port Moresby in May 2013, a total of about 44 people attended the workshop. The objectives of the national stakeholder consultation workshops were to:

- ✓ Identify key in-country stakeholders and present the DSM project;
- ✓ Discuss various issues and concerns relating to DSM and mining;
- ✓ Determine in-country needs and priorities in terms of policy and legislation development, capacity building and other DSM related issues;
- ✓ Provide the necessary guidance for the implementation of the DSM Project in-country;
- ✓ Discuss collaboration with key stakeholders (e.g. government agencies and NGOs), and form a steering committee or other mechanism, to involve all interested parties in project activities;
- ✓ Identify in-country technical focal point for the DSM Project;
- ✓ Obtain from stakeholders answers to the DSM Project's questionnaire to assist the Project staff better understand the situation in each country; and
- ✓ Disseminate DSM Project information brochures to stakeholders.

II. Fiji's International Seabed Management Decree

Fiji's "International Seabed Mineral Management Decree" was developed to govern and administer Fiji's DSM interest in "the Area". The Decree was drafted by the DSM Project and reviewed by Fiji's MACC group; the Decree was further reviewed by the Attorney General's Office and promulgated in July 2013. Fiji is the first Pacific ACP country to pass DSM legislation for sponsorship in the Area.

III. National Legal Instruments developed

- ✓ National DSM Policy template
- ✓ Model DSM Law template
- ✓ Another review of the Tonga DSM policy, legislation and regulations in early 2013;
- ✓ Tuvalu's Seabed Minerals Bill and regulations were prepared by the DSM Project;
- ✓ Niue's Seabed Minerals Bill and regulations were drafted by the DSM Project;
- ✓ FSM's Seabed Minerals Bill and regulations completed and delivered.

IV. Additional Assistance provided to Countries

- ✓ A review of FSM's existing legislation was conducted, and the development of a DSM law was recommended.
- ✓ The National Offshore Minerals Committee has been formally established in Vanuatu.
- ✓ Two government lawyers (Ms Timaima Vakadewabuka of Fiji, and Ms Rose Kautoke of Tonga) were funded by the DSM Project to participate in the meetings prior to, as well as the 2013 ISA Annual Session at the International Seabed Minerals Authority in Kingston, Jamaica.
- ✓ DSM Project continues to provide legal advice and assistance on request to Pacific ACP States.

4) Key Result Area 3 Task Deliverables - Building National Capacities

I. Training Workshops

The Project has held a series of training workshops and funded the participation of stakeholders from the 15 P-ACP States. Stakeholder participation involves government officials, civil society groups, non-government organizations, exploration companies and institutions etc. The Project consults and contracts experts from around the globe to conduct these training workshops. The following includes the list of training workshops conducted, to date:

- ✓ Pacific ACP States 1st Regional Training Workshop on the “Biological, Technological, Geological and Environmental aspects of DSM” was held in March 2012 in Nadi, Fiji;
- ✓ Pacific ACP States 2nd Regional Training Workshop on “DSM Law and Contract Negotiations” was held in March 2013 in Nukua’lofa Tonga;
- ✓ Pacific ACP States 3rd Regional Training Workshop on the “Social Impacts of DSM Activities and Stakeholder Participation” was held in June 2013 in Port Vila Vanuatu;

Future Training Workshops planned are as follows:

- ✓ December 2013 (in Fiji) – Environment Perspectives of DSM Activities in collaboration with SPREP;
- ✓ April/May 2014 (in the Cook Islands) – Fiscal Regime and Revenue Management for deep sea mining in collaboration with Pacific Financial Technical Assistance Centre of the IMF (International Monetary Fund);
- ✓ Late 2014 / Early 2015 (location tbc) – Sustaining capacity building initiatives in DSM and minerals in the Pacific region.

II. Legal Internship and Training

A Legal Internship scheme commenced in January 2012 which allowed interns (both legal graduates and government officials) to be trained on legal issues relating to DSM and assist the Legal Advisor in drafting laws for their respective countries. To date, eleven legal interns have gone through this legal training scheme and four were senior government lawyers. The interns are nationals from the Solomon Islands, Federated States of Micronesia, Republic of the Marshall Islands, Samoa, Fiji, Kiribati, Cook Islands and Tuvalu.

III. Ongoing Capacity Building Initiatives

- ✓ Dr Duane Malcolm of the Cook Islands was funded by the DSM Project to participate in manganese nodule geochemical and data analysis at the USGS in Feb-March 2013.
- ✓ Ms Alex Herman (Cook Islands) was partially funded by the DSM Project to attend the Rhodes Academy training on UNCLOS in June-July 2013;
- ✓ Short-term attachments with the DSM Project or at other institutions will continue.

5. Key Result Area 4 Task Deliverables - Management and Monitoring of Offshore Exploration and Mining Operations

- ✓ The Project contracted the UNEP/GRID-Arendal in Norway to develop the “Pacific Marine Minerals Assessment Report” which is expected to be published, launched and delivered in December 2013.
- ✓ More in-country “DSM Awareness Programmes” to continue in future. The objectives of this programme is to, 1) raise awareness on issues relating to DSM through information sharing; 2) enhance public knowledge, understanding through dialogue by all interested stakeholders, that is, government, SPC, NGO, private sector and community representatives; 3) identify DSM related issues and concerns of local stakeholders and report them to government and DSM project; and 4) form future collaborative initiatives between Government /NGOs / SPC / Company.

- ✓ The Solomon Islands have conducted awareness programmes at both the Temotu Province and Honiara respectively in July 2013, with the financial assistance from the Project. The initiative was a collaborative effort between the SI government, NGO (The Nature Conservancy), and Neptune Minerals;
- ✓ Similar initiatives have been planned for Cook Islands, Tonga, PNG, and FSM and is expected to be carried out soon;
- ✓ The Cook Islands DSM Youth Debate, funded by DSM Project, took place in the margins of the SOPAC Annual session this year (early October). The initiative is driven by both the Government through the CI Seabed Minerals Authority and a local NGO (Te Ipukarea Society). The winning student will attend the next DSM Project training workshop.

6. Planned DSM Activities for 2013-2014

- ✓ Develop and review national DSM legal instruments;
- ✓ Ongoing collation of Pacific DSM data and information to populate the Regional Marine Minerals Database (RMMD);
- ✓ Develop the regional deep sea mining fiscal regime and revenue management for Pacific ACP States, and assist countries on DSM fiscal matters;
- ✓ Develop a Pacific ACP States regional Marine Scientific Research Guidelines;
- ✓ In collaboration with partners, hold the 4th and 5th DSM Regional Training Workshops;
- ✓ Finalize and publish UNEP/GRID-Arendal Pacific Marine Mineral assessment report;
- ✓ Continuation of Project capacity building initiatives: legal internship programme, short-term attachments (including ISA attachments), minerals data management, shipboard training, geochemical data analysis etc;
- ✓ Provide ongoing assistance and support to countries in conducting in-country DSM awareness and information sharing initiatives;
- ✓ Conduct a Benefit Cost Analysis of Deep Sea Mineral Activities in the Pacific Islands Region;

7. No-cost Extension Application

The DSM Project's original funding agreement will conclude on March 3rd 2013, therefore a two years no-cost extension to the current Project Financing Agreement is necessary to successfully complete all Project activities. This is possible due to significant underspend in the DSM Project to date. The application was submitted on September 2nd 2013. If successful the Contribution Agreement will then be revised. EU have indicated that the extension is likely to be successful.

8. Expected Outputs

- ✓ RLRF completed and used by Pacific ACP Countries;
- ✓ National Offshore Minerals policy, legislation and regulations established in 70% of P-ACP Countries;
- ✓ Regional Marine Minerals Database operational;
- ✓ Improved national capacity to deal with deep sea mining issues, e.g. legal, fiscal, environmental, social, and technical;

- ✓ Regional environmental management, and fiscal frameworks / guidelines completed and distributed to stakeholders;
- ✓ Benefit Cost Analysis completed and distributed to stakeholders;
- ✓ Relevant information and data disseminated to stakeholders.

9. *Expected Outcomes*

- ✓ Seabed minerals exploration and exploitation policy, legislation and regulations enforced;
- ✓ Increasing number of P-ACP nationals participating in all aspects of the offshore mining industry;
- ✓ Increase investment in seabed minerals exploration and mining in the region.
- ✓ Deep sea minerals exploration and exploitation properly managed and regulated;
- ✓ Deep sea mining operations (e.g. sound policy) and benefits (e.g. revenue, saving scheme) better managed;
- ✓ Better informed interest groups and impacted communities.

Hannah Lily, Two Thematic Issues Arising:

These two issues had arisen as potential areas for further work by DSM Project in 2014, and were presented to the group for their views as to whether or not these areas should be given priority.

- 1) The International Seabed Authority is the intergovernmental agency created by UNCLOS to manage the mineral resources of the seabed beyond national jurisdiction ('the Area'). All Pacific Island countries are ISA members and are entitled to attend the Annual Session held in July each year, at the headquarters in Jamaica. Nauru, Tonga and Kiribati have become the first developing countries to sponsor exploration contracts in the Area, and other Pacific Islands may follow. Currently important decisions are taken by the member states about the DSM regime in the international waters, including environmental management requirements, and what financial demands shall be made of contractors, and how these may be shared equitably for the common good globally. For the first time last year, the DSM Project and the ISA collaborated on a legal internship at the ISA for Government lawyers from Tonga and Fiji. It is hoped to repeat this opportunity next year.

At the 2013 Annual Session only 3 Pacific Island delegations attended the Council meeting where the important business takes place (Cook Islands, Fiji, and Tonga); with two more delegations joining at the end of the Annual Session for the Assembly meeting (FSM and Kiribati) where the Council's decisions are rubber-stamped. While Fiji, Cook Islands and Tonga made interventions (and Cook Islands held a side event) that were very well-received, it was noted that other geographical regions, and developed countries, dominated the discussions and came very well prepared with pre-written statements and informal bloc agreements. It was noted that there were key opportunities for Pacific Islands to become more involved, and to influence, ISA proceedings in the future in order to secure maximum benefits for small island developing states from the regime in the Area. It is therefore proposed that DSM Project organise an event in mid-2014, to build the Project countries knowledge and capacity in this regard. This could include a side session for lawyers on the regulatory and contractual issues for sponsoring States.

- 2) At the DSM Project Workshop on Social Impacts and Public Participation held in Vanuatu in June 2013, a representative of the DSM Campaign attended and presented on the principle of 'Free, Prior and Informed Consent' ('FPIC'). The DSM Campaign is an Australian-based

group, funded by Friends of the Earth Australia to oppose deep sea mining, and run by a steering committee comprising Oxfam Australia and Mining Watch Canada. FPIC is an evolving legal principle, found for example in the (non-binding) UN Declaration on the Rights of Indigenous Peoples, that requires persons whose traditional land ownership or customary use rights are affected by development projects, to be informed in advance of the proposed project and given the opportunity either to give their consent, or to veto the project. This is more likely relevant to *onshore* mineral developments, where there are customary land rights. (DSM operations are likely to take place beyond coastal marine use areas where traditional rights may be exerted). Following the Vanuatu Workshop, DSM Campaign by email to all the workshop participants provided additional detailed information about FPIC, and a further regional workshop on FPIC was suggested, with the DSM Campaign offering to co-host.

It is noted that there may be some confusion about the legal status, and relevance to DSM, of FPIC, and that good DSM decision-making is a key objective of the DSM Project. However given that DSM Project resources are limited, and that we operate in response to requests from member country Governments (rather than third parties) the Steering Committee's views on whether to pursue FPIC as a priority training area are sought.

Discussions and Comments:

Malakai Finau (Fiji): Enquired why the DSM Project recently advertised a position for an Environmental Adviser, and at the same time sought assistance from JICA for a deep sea Environmental expert/scientist to work with the DSM Project at the SOPAC Division. He questioned whether other DSM areas should be recruited for, such as resource economics, and designing a fiscal regime.

Akuila Tawake (SPC): Responded that during the ROM review that was commissioned by the European Union in September 2012, one of the recommendations from the review report was to have an Environmental Scientist/Adviser positioned within the DSM Project. The JICA application had been submitted previous to this, and the JICA recruitment process had been lukewarm and prolonged. In the latest correspondence with JICA it was revealed that the expert may only be available on part-time. In order to secure the services of an environmental scientist without further delay, it was decided that the project shall proceed with recruitment of the Environment Adviser. JICA was later approached to consider changing their expert to an Economic Geologist but this was not possible since the recruitment process for the environment expert is already underway.

Faatasi Malologa (Tuvalu): Sought clarification on whether there is a possibility of having another phase similar to the marine minerals survey programme that was previously carried out between the Japan Government and SOPAC in the 1980s and 1990s?

Mike Petterson (SPC): Responded that an additional survey is something that will obviously benefit the Pacific Island countries as more research studies will improve understanding of the mineral occurrence and potential within the Pacific region. He also mentioned that the survey can also cover some of the countries that were left out during the 21 years marine minerals survey between the Government of Japan and SOPAC, however the current scope of the DSM Project does not mineral prospecting and other scientific surveys therefore there is no dedicated funding available to carry out an activity of this scale.

Paul Lynch (CK): Sought clarification on the reasons why the DSM Project underspends in the past two years.

Akuila Tawake (SPC): Responded that the Project did not officially commence at the time it was expected to (early 2010) due to the organisational restructure triggers by the Regional Institutional Framework (RIF) process where SOPAC had joined with SPC, hence the recruitment process was delayed. Therefore project implementation did not commence until early 2011 – meaning there was already a 12-month underspend at commencement. He also added that the Project, although being very active with in-country visits to all Project countries, and holding a number of capacity building and stakeholder engagement workshops to identify the need and priorities of countries, has saved money by combining a number of country visits.. Further the core Project team has been able to provide significant levels of advice and outputs, particularly on the legal side, without using consultants. Apart from its planned activities, the Project relies on the countries to make requests when there is a need for technical, legal or financial assistance. While a number of participating countries of the project have been active and making such requests, others have not – one example is Timor Leste, who has not engaged with Project activities – which means the yearly budget allocated to some countries remains untouched. Another example is that the Project aims to set-up and fund National Offshore Minerals Committees in-country for the purpose of effectively implementing project activities purpose, however the majority of the countries are yet to maximise this opportunity.

Thierry Catteau (EU): Recommended that more activities are planned in future in order to ensure that funds are better utilised. While the Project coordinates and plans its activities accordingly, countries should also scout for capacity building opportunities and other forms of DSM related activities in which the Project could financially assist.

Taaniela Kula (TO): Made reference to Hannah’s presentation and comment on the possibility of holding a workshop/meeting prior to the ISA Annual Meeting in 2014. He agreed that this recommendation will immensely benefit PIC nationals who have exploration interest in “the Area”. The opportunity will mean training PIC nationals on ISA meeting procedures and protocols to enable them to engage effectively during the ISA Meeting and take advantage of the opportunity to let their views known.

Naomi Biribo (KI): Agreed, suggesting that this was done in two parts: firstly that there is a training held within the region for ISA-related issues (around May-June 2014) for all interested countries to introduce ISA-related issues and help countries decide whether to attend the 2014 ISA Annual Session; and then an additional preparatory meeting in New York or Kingston (in July 2014) immediately prior to the 2014 ISA Annual Session, in order to prepare the individuals actually attending (likely to be Foreign Affairs, UN office colleagues) to prepare their positions, draft statements, and plan side events in advance, as a Pacific grouping where appropriate.

The motion was further endorsed by the other countries therefore a meeting of such will be planned for 2014 before the ISA Annual Meeting. The DSM Project will advise countries when the date draws near.

Paul Lynch (CI): Confirmed that the training workshop schedule proposed by the DSM Project is satisfactory, namely (i) environmental management in December 2013, (ii) financial management in April 2014, (iii) ISA preparations in June 2014, and (iii) sustaining capacity building in November 2014 [Dates TBC]. If other events are to be added, it was not

recommended that this should be in relation to FPIC. He noted that FPIC is not a binding obligation, and that like most other Pacific Islands, the Cook Islands has not even joined the (non-binding) Declaration on the Rights of Indigenous Peoples – a source of FPIC. This was a matter for Foreign Affairs – and indeed there may be some question around the Declaration's application to populations where the majority are 'indigenous'.

The other attendees agreed that while public participatory processes for DSM decision-making were very important, the application of FPIC to far-offshore resources (where there are no traditional landowners) appeared unclear at best, and agreed that DSM Project capacity-building resources should not be unduly expended on this subject.

Taaniela Kula (TO): Thanked the DSM Project for all the assistance rendered towards the Government of Tonga especially with the recent assistance of translating DSM Project brochures into the local language.

Naomi Biribo (KI): Showed interest also to have the DSM Project translated to the Kiribati language and would be seeking the assistance of the Project to do so. Suggested that SOPAC could develop a programme (perhaps using on-vessel training activities provided by DSM companies) to train Pacific Island nationals to be 'observers' for DSM cruises, so that there is a pool of inspectors for Pacific Island countries to draw from, similar to the scheme SPC has for fisheries.

Winterford Eko (PNG): Directed question to Akuila, in regards to the PNG Intern (Talitha Sikara) that is currently placed with the DSM Project. He enquired for the reasons why the Project recruited her. He mentioned that there are PNG Government Legal Officers who are better placed to participate in the DSM Project training programme. It is important that the interns are chosen from the Government to ensure that they return and work for the country.

Akuila Tawake (SPC): Responded that Talitha's background is in Environmental Health and that she made her application directly to the SOPAC Division through the Director. The application was passed to Akuila who advised Talitha to follow the proper approval procedure and discuss her case with the DSM Project focal point in PNG – Mr Harry Kore of the Department of Minerals Policy and Geohazards Management (DMPGM). Talitha got in touch with Mr Harry Kore who endorsed her for the placement. In response to the internship, the Project has been contacting the DMPGM for Officers to be attached with the DSM Project and is currently waiting for any response.

Hannah Lily (SPC): Clarified that for legal training there are two separate schemes available. One is for Government lawyers to spend a short placement (e.g. 2 weeks) at the SOPAC office, to receive training on DSM law, and to work with Hannah and the team on developing national instruments. The Project was pleased in 2013 to host Government lawyers from Solomon Islands, Marshall Islands and FSM. This is available to all countries, and only requires a nomination from the Government. We will make all the arrangements, and provide full funding. The second scheme is the legal internship, whereby law students or graduates who are Pacific Island nationals (and preferably who are under bond to return and work for their Governments) can apply to spend 2-3 months working with the Project in Suva. Again this is fully funded, and although applicants can apply directly – the DSM Project will always obtain Government consent before finalising the recruitment. There have been eleven legal interns recruited from nine nations so far, including a PNG law student recruited for January and February 2014 (pending PNG Government approval). DSM Project will continue to seek interns from the remaining countries.

Winterford Eko (PNG): Enquired for the reason why the funds received by the Government of PNG for the initiation of the stakeholder awareness programme in East New Britain Province is less than what was originally agreed.

Akuila Tawake (SPC): Responded that the funds have been successfully transmitted for the amount that was stated in the Contract, if there is an issue with the funds transmitted they would discuss this with SPC Finance to determine the reason for the shortfall.

Mike Petterson (SPC): Reiterated a point from Akuila's presentation regarding the DSM Project's application to the EU to extend work for another two years. Initially the DSM Project started in 2011 and is supposed to be completed in March 2014. Given the assistance the Project has been able to render to P-ACP States, would countries agree that there is a need to have a successor project for the DSM Project to continue the work and perhaps extend its scope as well to cover more technical aspects in DSM.

Thierry Catteau (EU): The European Union work on the request from the member countries that is how projects have to be driven, not by regional organisations. If the countries strongly agree for a successor to the DSM Project then there is a highly likely chance that this will be seriously considered by the EU.

Paul Lynch (CK): Took the motion up with the member countries around the table and requested if countries could ballot in agreement for a successor for the DSM Project as both the EU and the Pacific Islands Forum Secretariat Regional Authorising Officer ('RAO') were present. Country representatives in the room duly indicated their support, and the EU and RAO were asked to note this.

Jerry Huekwahin (PIFS RAO): Noted the agreement within the room for a successor for the DSM Project. He stated however that there are processes in place to ensure that requests such as these are seriously considered in the next European Development Funding (EDF11). Normally PIFS, as the RAO agency, places a call for proposals in the beginning of every year for regional organisations to apply for funding of new Projects. In order for countries to show their backing for the SOPAC Division to continue to carry out work on deep sea minerals in the Pacific (e.g. through phase 2 of the DSM Project), the countries must write individually to PIFS to express their support for this.

Mike Petterson (SPC): Summarised that the country representatives present should take back to their colleagues the need to work with their Ministries of Foreign Affairs to ensure that letters of support are sent to PIFS in advance, before any application can be made by the SOPAC Division for funding for a successor project to the current DSM Project.

A discussion ensued as to the likely content of such a successor Project. It was raised that the SOPAC Division should be requested (via the SOPAC Annual Meeting) now to explore further the options / possibilities offered by a more formalised regional approach to DSM management. SOPAC should prepare a concept paper, examining different potential models, such as a regional regulator, or a regional protocol / treaty, or a regional commercial entity like Parties to the Nauru Agreement, and should present ideas on that subject back to the country delegations (preferably in time to inform the EDF 11 discussions).

Mike thanked everyone for their attendance and participation and declared the meeting close.

LIST OF PARTICIPANTS

Cook Islands

Mr Paul Lynch
Seabed Minerals Commissioner
Seabed Minerals Authority
Avarua, Rarotonga
Cook Islands
Tel: (+682) 29193 Mob: (+682) 55331
Email: paul.lynch@cookislands.gov.ck

Mr Darryl Thorburn
Minerals & Natural Resources Advisor
Seabed Minerals Authority
Avarua, Rarotonga
Cook Islands
Tel: (+682) 29193 Mob: (+682) 53613
Fax: (+682) 29721

Email: darryl.thorburn@cookislands.gov.ck

Ms Alexandrya Herman
Legal Officer
Seabed Minerals Authority
P.O. Box 733
Avarua, Rarotonga
Cook Islands
Tel: (+682) 29193 Mob: (+682) 76674
Fax: (+682) 29721
Email: alex.herman@cookislands.gov.ck

Federated States of Micronesia

Ms Alissa Takesy
Assistant Secretary
Department of Resources & Development
FSM National Government
PS-12, Palikir
Pohnpei, FM 96941
Federated States of Micronesia
Tel: +691 320 2620/2646/5133
Fax: +691 320 5854
Mob: +691 920 6373
Email: alissa.takesy@fsmrd.fm

Fiji

Mr Malakai Finau
Director
Mineral Resources Department
Private Mail Bag, GPO

Suva, Fiji Islands
Tel: +679 338 1611
Fax: +679 337 0039
Email: malakai.finau@mrd.gov.fj
Mr Gene Bai
Principal Maritime Boundary Officer Ministry
of Foreign and International Relations
PO Box 2220
Government Buildings
Suva, Fiji Islands
Tel: +679 330 9645
Fax: +679 330 1741
Email: gene_bai@yahoo.com

Kiribati

Mrs Naomi Biribo Atauea
Director for Minerals
Ministry of Fisheries and Marine Resources
Development (MFMRD)
P.O Box 64, Bairiki
Tarawa, Republic of Kiribati
Tel: +686 21099/21044
Fax: +686 21120
Email: naomib@mfmrd.gov.ki

Ms Tokabai Bauro
Mineral Division
MFMRD
P.O Box 64, Bairiki
Tarawa, Republic of Kiribati
Tel: +686 21099
Email: tokab@mfmrd.gov.ki

Nauru

Mr Elkoga Gadabu
Secretary for Commerce, Industry &
Environment
Government of the Republic of Nauru
Nauru
Tel: +674 557 3133 Ext 303
Direct: +674 558 6202
Email: elkoga28@gmail.com
elkoga.gadabu@naurugov.nr

New Caledonia

Ms Anaïs Rouveyrol
Chargée de la coopération multilatérale et des
organisations régionales
Service de la coopération régionale et des

relations extérieures
Gouvernement de la Nouvelle-Calédonie
Office of regional cooperation and external
relations

Government of New Caledonia
Tél: +687 25 00 40
Email: anais.rouveyrol@gouv.nc

Papua New Guinea

Mr Shadrach Himata
Secretary
Department of Mineral Policy and Geohazards
Management
Private Mailbag
Port Moresby, NCD
Papua New Guinea

Mr Winterford Iriohe Eko
Assistant Director
Legal Advisory Branch
Tel: (+675) 3214138
Fax: (+675) 3214995
Email: winterford_eko@mineral.gov.pg

Samoa

Mr Lameko Talia
Apia Meteorology Division
Ministry of Natural Resources & Environment
P.O. Box 3020
Apia, Samoa
Tel: +685 20856
Fax: +685 20857
Email: lameko.talia@mnre.gov.ws

Solomon Islands

Mr Donn Tolia
Department of Mines & Energy
P.O Box G37
Honiara, Solomon Islands
Tel: +677 21521/7772794
Fax: +677 25811
Email: donn@mines.gov.sb

Tonga

Mr Taaniela Kula
Deputy Secretary
Ministry of Lands, Environment, Climate
Change & Natural Resources
P.O Box 5
Nuku'alofa, Tonga
Tel: +676 25 508

Fax:
Email: tkula@naturalresources.gov.to

Tuvalu

Mr Faatasi Malologa
Director of Lands & Survey
Department of Lands & Survey
Funafuti, Tuvalu
Tel: +688 20170
Fax: +688 20167
Email: fmalologa@gmail.com

Pacific Islands Forum Secretariat (PIFS)

Mr Jerry Huekwahin
Trade Policy Officer-Aid for Trade
Economic Governance Programme (EGP)
Pacific Islands Forum Secretariat
Private Mail Bag
Suva, Fiji Islands
Tel: +679 322 0248
Fax: +679 322 0286
Email: jerryh@forumsec.org.fj

European Union

Mr Thierry Catteau
Delegation of the European Union for the
Pacific
Private Mail Bag, GPO
Suva, Fiji Islands
Tel: +679 331 3633
Fax: +679 330 0370
Email: Thierry.catteau@ec.europa.eu

Secretariat of the Pacific Community (SPC)

Prof Mike Petterson
Director
SOPAC Division
Secretariat of the Pacific Community
Private Mail Bag, GPO
Suva, Fiji Islands
Tel: +679 338 1377
Fax: +679 337 0040
Email: MikeP@spc.int

Dr Arthur Webb
Deputy Director, Ocean & Islands Program
Email: ArthurW@spc.int

Akuila Tawake
Team Leader, Deep Sea Minerals Project
Email: AkuilaT@spc.int

Hannah Lily
Legal Adviser, Deep Sea Minerals Project
Email: HannahL@spc.int

Annex 2: 2014 DSM Project Work Plan

Key Result Area	Activities	Quarter 1			Quarter 2			Quarter 3			Quarter 4		
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2	Work with CI on DSM policy, licensing regulations, and new law for the Area												
2	Follow-up with laws drafted in 2012-2013 for TO, NU, RMI, TV, NR												
2	Support SI, FJ, KI, PL to develop DSM policy / review existing laws / develop new policy and law												
2	Support FSM and Vanuatu in finalising draft policy and law and presentation to parliament / Congress												
2	Develop a draft regional DSM protocol for consultation with P-ACP States (and other agencies)												
2	Develop a PACP Regional Financial Framework for DSM Mining												
3	GIS and data management trainings for CI, SI and Vanuatu and Project trainees												
3	Assessment of nodule potential within Kiribati's EEZ												
3	5 th DSM regional training workshop 'Fiscal Regime and Revenue Management' in CI												
3	Legal Internship: PNG, RMI, SM, and VU												
3	Short-term placements in collaboration with partners (USGS, Duke University, FFA, UMI, Rhodes Academy)												
3	ISA preparatory meetings and expert support to P-ACP delegations at the 2014 ISA Annual Session.												
3	Meeting of Senior Government Lawyers and Legal Intern to discuss DSM Law												
4	SPC-NIWA collaboration on drafting regional												

	guidelines for marine mineral scientific research												
4	Finalise the 3 EIA templates from the Environment Workshop (with SPREP)												
4	Ongoing media work (media Communications Kit, newsletter, documentary, etc)												
4	Produce new Environment, Law and Country Specific DSM Potential Information Brochures												
4	JICA - DSM Project Collaboration (KI, PNG, VU, FJ)												
4	Cost-benefit Analysis (CBA) for PNG												