

# 2010 ANNUAL REPORT



**PACIFIC ISLANDS FORUM SECRETARIAT**

*Excelling Together for the People of the Pacific*



## CONTENTS

|   |    |
|---|----|
| Motto, Leaders Vision and Mission .....               | 1  |
| Secretary General's Introduction .....                | 4  |
| The Pacific Islands Forum .....                       | 7  |
| Political Governance & Security Programme .....       | 9  |
| Economic Governance Programme .....                   | 21 |
| Strategic Partnership and Coordination Programme..... | 25 |
| Corporate Services .....                              | 37 |
| Audited Financials 2010.....                          | 41 |

## MOTTO

Excelling Together for the People of the Pacific

## LEADERS' VISION

"Leaders believe the Pacific region can, should and will be a region of peace, harmony, security and economic prosperity, so that all of its people can lead free and worthwhile lives.

"We treasure the diversity of the Pacific and seek a future in which its cultures, traditions and religious beliefs are valued, honoured and developed.

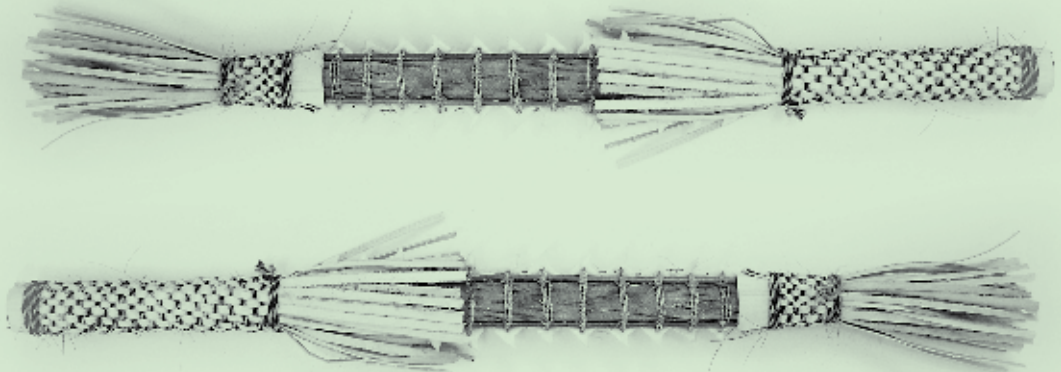
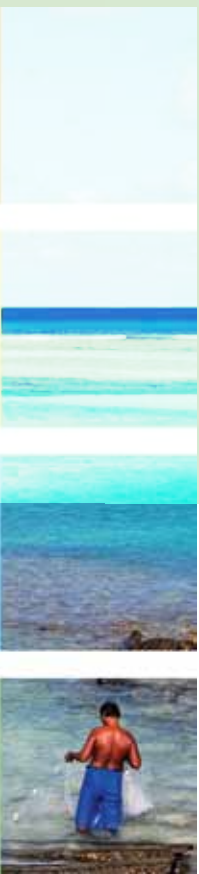
"We seek a Pacific region that is respected for the quality of its governance, the sustainable management of its resources, the full observance of democratic values and for its defence and promotion of human rights.

"We seek partnerships with our neighbours and beyond to develop our knowledge, to improve our communications and to ensure a sustainable economic existence for all."

LEFT 2010 Pacific Islands Forum Leaders with Secretary General, Pacific Islands Forum Secretariat



RIGHT Forum Secretariat Senior Management Team 2010 (absent Feleti Teo)



## MISSION, GOALS & ROLES

Our mission is to ensure the effective implementation of the Leaders' decisions for the benefit of the people of the Pacific.

Our goals are to stimulate economic growth and enhance political governance and security for the region, through the provision of policy advice; and to strengthen regional cooperation and integration through coordinating, monitoring and evaluating implementation of Leaders' decisions.

In achieving these Goals, the **Primary Roles** of the Forum Secretariat, as set out in the 2005 Agreement Establishing the Pacific Islands Forum, are to provide:

- Policy advice and guidance in implementing the decisions of the Leaders
- Coordination and assistance in implementing the decisions of the Leaders
- Support to the Leaders' meetings, ministerial meetings, and associated committees and working groups



**PACIFIC ISLANDS FORUM SECRETARIAT STAFF 2010**

\*Photographs in this publication are from the Forum Secretariat, the Secretariat of the Pacific Community and the Regional Assistance Mission to Solomon Islands.



## SECRETARY GENERAL'S INTRODUCTION

*Pacific countries faced major challenges during 2010 affecting directly efforts to pursue development aspirations and the quest for improving the lives of their communities. The obstacles notwithstanding, it is pleasing to note in this Annual Report a range of positive results in the implementation of Forum Leaders' mandates.*

The effects of the global financial and economic crises and the associated high costs of fuel and food as well as the impacts of climate change continued to register their mark on the economies of countries throughout the region. While economic recovery was experienced in much of the world, the results were mixed in the Pacific. Higher expenditure for food and fuel put inflationary pressure on prices, making it more difficult for communities to afford basic goods. Overall, resource rich countries registered economic improvements, while other countries experienced lower levels of growth. Important meetings were held in the region during 2010 in an attempt to address the multiple challenges, including the Pacific High Level Dialogue on the Five Year Review of the Mauritius Strategy for the further implementation of the Barbados Plan of Action, the Pacific Conference on the Human Face of the Global Economic Crisis and the Pacific Food Summit.

At the Pacific Conference on the Global Economic Crisis, held in Vanuatu in February 2010, Pacific Leaders discussed the impact of the crisis on Pacific island communities and the region's development. Leaders recognised the broader social impacts of the crisis on families, stresses on the delivery of essential health and education services, efforts to alleviate poverty and the region's progress in achieving the Millennium Development Goals (MDGs). The conference discussions and outcomes necessarily set the direction for the Secretariat's work programme in 2010, especially with respect to the range of initiatives to help improve Forum island countries' (FICs) economic, trade and



intellectual property frameworks and to help provide them with stronger economic foundations in the face of continued economic challenges.

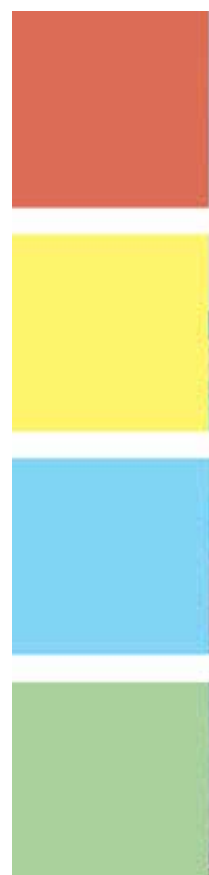
The Secretariat was able to strengthen its work to promote trade and support private sector development in FICs, improving the performance of its four trade offices in Auckland, Beijing, Sydney and Tokyo, and coordinated the first private sector dialogue with Forum Leaders at the Leaders' meeting in Port Vila, Vanuatu in August 2010.

A particular focus of the technical work and trade policy undertaken in 2010 was on making progress in the Economic Partnership Agreement (EPA) negotiations with the European Union. Negotiations continued on the PACER Plus arrangement with Australia and New Zealand, and good progress was made on the Pacific Island Countries Trade Agreement (PICTA) and the work on trade in services.

The 10th anniversary of the Biketawa Declaration was celebrated with a major photographic exhibition on the work of the Regional Assistance Mission to Solomon Islands (RAMSI) which was officially launched by the Prime Minister of Vanuatu as Forum Chair at the Forum Leaders' meeting in Port Vila in August. RAMSI was the first Mission undertaken under the Biketawa Declaration and it represents a unique and highly effective operation which is seen internationally as an innovative response by the Forum region to the difficult challenges of crisis management and resolution. Its success under the Biketawa Declaration continues to draw on the support of all Forum member countries, and RAMSI remains an outstanding demonstration of what can be achieved through committed and well calibrated regional cooperation in times of crisis.

The situation in Fiji continued to be a great concern for all Forum members during the year. The Forum Ministerial Contact Group (MCG) on Fiji, which was mandated by Forum Leaders to monitor the situation, was unable to visit Fiji during the year despite an invitation issued by Fiji's Foreign Minister at the MCG meeting in Auckland in May 2010. Nevertheless, the Group submitted a report on the situation in Fiji to Forum Leaders at their meeting in Port Vila. In their response, Leaders highlighted the clear commitment of all Forum members to continue to offer Fiji assistance in addressing its challenges and to encourage full restoration of parliamentary democracy

The 41st Pacific Islands Forum in Vanuatu provided clear mandates and essential guidance on climate change financing, strengthening development coordination in the Pacific, maximising returns from fisheries resources, supporting Pacific peoples with disabilities and advancing trade and economic integration in the region. Forum Leaders also adopted the Port Vila Declaration signalling their continued commitment to accelerating progress on the achievement of the MDGs.



The implementation of the Pacific Plan during 2010, its fifth year of operation, remains a principal focus for the Forum Secretariat and for all other CROP organisations, in particular with respect to the key priorities of the Pacific Plan for the period 2010 to 2013.

There was considerable and committed effort employed in the implementation of the Forum Compact on Strengthening Development Cooperation which was adopted by Forum Leaders in Cairns in 2009. The challenges encountered, in what was the Compact's first year of field operation, were almost inevitable. Still, important and very pleasing results were achieved in 2010. Two related reports, the 2010 Pacific Regional MDGs Tracking Report and the 2010 Tracking the Effectiveness of Development Efforts Report were developed by the Forum Secretariat in consultation with Forum member countries and development partners. The Pacific Regional MDGs Tracking Report was also launched at the United Nations High Level Summit on the MDGs in New York in September 2010.

The Secretariat continues to pay particular attention to the maintenance and strengthening of its professional and corporate standards and culture to ensure the efficiency and improvement of its corporate arrangements and staff performance in the delivery of services for member countries.

The Secretariat's work programme for the year and the specific tasks implemented are covered in detail in the Report. What was undertaken in 2010, and the results achieved, reflect directly on the value of working together as a region. On behalf of all staff of the Forum Secretariat I take the opportunity to extend to all Forum member countries our deep gratitude for guidance and for the support so readily provided at all times.

We have been particularly grateful and impressed with the high level of collegiality and cooperation among all regional organisations and we welcome the cohesion and cooperative relationships among all CROP agencies. On behalf of the Secretariat I express to fellow CROP Executives and their colleagues our deep appreciation for their cooperation and support.

With sincerity and admiration I thank the Secretariat's Executive Team, Senior Management and all staff for their commitment, professionalism and performance, as evidenced by the results described in this Annual Report.



Tuiloma Neroni Slade  
Secretary General





## THE PACIFIC ISLANDS FORUM

*The Pacific Islands Forum is a political grouping of 16 independent and self-governing states.*

*Members include Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Republic of Marshal Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.*

New Caledonia and French Polynesia, previously Forum Observers, were granted Associate Membership in 2006. Forum Observers include Tokelau (2005), Wallis and Futuna (2006), the Commonwealth (2006), the United Nations (2006) the Asia Development Bank (2006) and the World Bank (2010), with Timor Leste as Special Observer (2002).

The annual Forum meetings are chaired by the Head of Government of the Host Country (currently Vanuatu), who remains as Forum Chair until the next meeting.

Since 1989, the Forum has held Post Forum Dialogues with key Dialogue Partners at Ministerial level. There are currently 14 partners – Canada, People’s Republic of China, European Union, France, India, Indonesia, Italy, Japan, Republic of Korea, Malaysia, Philippines, Thailand, United Kingdom and the United States.

The Pacific Islands Forum was founded in 1971 as the South Pacific Forum. In 2000, the name was changed to the Pacific Islands Forum to better reflect the geographic location of its members in the north and south Pacific.

Founding members of the Pacific Islands Forum were Australia, Cook Islands, Fiji, Nauru, New Zealand, Tonga and Western Samoa – now Samoa.

The Secretariat to the Forum was initially established as a trade bureau in 1972 and later became the South Pacific Bureau for Economic Co-operation (SPEC). In 2000, when the name of the Forum changed, the Secretariat became the Pacific Islands Forum Secretariat.



## The Pacific Islands Forum Secretariat

The Pacific Islands Forum Secretariat is based in Suva, Fiji. The Secretariat's mandate is delivered through the annual Leaders' Communiqués and high level ministerial meeting decisions.

The Forum Secretariat is led by the Secretary General (currently Tuiloma Neroni Slade of Samoa) who is directly responsible to the Forum Leaders and to the Forum Officials' Committee (FOC). FOC is the Secretariat's governing body comprising representatives from all Forum members.

The Forum Secretariat is also mandated to coordinate the implementation of the Pacific Plan for strengthening regional cooperation and integration.

The Secretary General of the Forum Secretariat is permanent Chair of the Council of Regional Organisations in the Pacific (CROP). CROP brings together nine main regional organisations in the Pacific region:

- Fiji School of Medicine (FSMed)
- Pacific Islands Forum Fisheries Agency (FFA)
- Pacific Islands Development Programme (PIDP)
- Secretariat for the Pacific Community (SPC)
- Pacific Islands Forum Secretariat (PIFS)
- Secretariat of the Pacific Regional Environment Programme (SPREP)
- South Pacific Tourism Organisation (SPTO)
- University of the South Pacific (USP)
- Pacific Power Association (PPA)

The Forum Secretariat has trade offices in Auckland, Beijing, Sydney, and Tokyo that work independently but come together as Pacific Islands Trade and Invest.

The Forum Secretariat also has an office in Geneva, Switzerland, for the Permanent Delegation of the Pacific Islands Forum to the World Trade Organization (WTO).

As part of its outreach assistance to Members, the Forum Secretariat has desk officers in the Smaller Island States (SIS) of Cook Islands, Kiribati, the Marshall Islands, Nauru, Niue, Palau, and Tuvalu to complement the resources of its smallest Members. The Forum Secretariat also has a representative based in Solomon Islands and plans to widen representation in other member countries.

The Pacific Islands Forum Secretariat is an international organisation established by treaty, enjoying legal personality in each of its sixteen member countries.





## **POLITICAL GOVERNANCE & SECURITY PROGRAMME**

*The Political Governance and Security Programme, in consultation with members, identifies challenges to the stability and safety of members and the region, and provides policy advice and technical assistance (both coordination and selective direct assistance) to respond to the challenges. Integral to the Programme's response is the promotion of the principles and practices of good governance across all levels and sectors in the region; and the pursuit of strengthened regional cooperation and integration (Excerpt from PG&S Programme Strategic Plan 2009-2011).*

The annual meeting of the Forum Regional Security Committee (FRSC) is the principal mechanism for setting the regional security agenda and providing the PG&S Programme with its key directions in enhancing the capacity of members to respond to internal and external security threats. The 2010 meeting was held in Suva at PIFS Headquarters from 3 to 4 June. Key outcomes included deliberations on the key findings of the annual Pacific Transnational Crime Assessment and discussion on substantive ongoing programmes of work on sexual and gender-based violence, marginalised youth and conflict, small arms and light weapons, and security sector governance. There was also discussion of the impacts of climate change on security and consideration of a range of priority regional and national security issues, including reporting to members on Programme activities under the Forum's Biketawa Declaration which in 2010 marked its 10th year of operation.

### **Regional Inter-agency Cooperation**

The Programme works actively to ensure the FRSC has strong support from key regional law enforcement and border agencies as well as other regional and international stakeholders. Under the PG&S



Programme, the Law Enforcement Unit (LEU) works closely with the region's specialist law enforcement and border agencies and together they support joint activities or agency specific projects. Key partner agencies include the Oceania Customs Organisation (OCO), Pacific Immigration Directors' Conference (PIDC), Pacific Islands Chiefs of Police (PICP), Pacific Islands Law Officers' Network (PILON), Pacific Transnational Crimes Network (PTCN), the Secretariat of the Pacific Community (SPC) Economic Development Division and the Forum Fisheries Agency (FFA).

These regional agencies and their Secretariats form the core membership of Working Groups that are often formed on an ad hoc basis to implement law enforcement related FRSC decisions. In 2010, the Programme attended the annual meetings of all these Agencies to represent Forum interests and made presentations to their members on relevant FRSC outcomes and Forum Secretariat approaches to various regional law enforcement issues. In March 2010, the Programme coordinated the annual Pre-FRSC meeting of these law enforcement agencies to consolidate the Pacific Transnational Crimes Assessment and identify key concerns and recommendations for the 2010 FRSC. The FRSC plays an important coordination role in maintaining information exchange and identifying complementary activities in the work of the key law enforcement and border agencies across the full scope of the regional security agenda.



## **Security - Law Enforcement**

The Forum Island Countries (FICs) continue to face a complex and continually evolving security environment. A key priority for the Programme, through the LEU under the direction of the Regional Security Adviser, is supporting law enforcement agencies and organisations, as well as relevant government ministries, in addressing security challenges, including the global threats of transnational crime and terrorism. This was done through coordinating the various activities of the regional law enforcement organisations and by assisting members to enhance domestic capability to respond to security threats. Through the Law Enforcement Capacity Development Officer, the Programme seeks to coordinate capacity building activities to reduce duplication and maximise available resources for the benefit of members.

Specific programme initiatives include the Working Group for Strengthening Information Management (WGSIM), research and policy advice to members on criminal deportees, small arms and light weapons and counter-terrorism which provide important inputs into improving the overall state of regional security. The WGSIM was established by the FRSC in 2009 to take forward key recommendations previously developed by the FRSC and will report in 2011 on practical initiatives for strengthening information management at both national

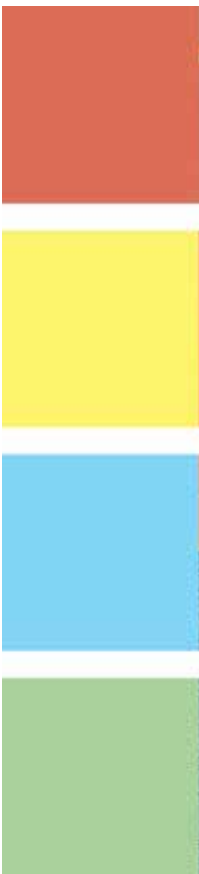


and regional levels. Chaired by the Regional Security Adviser, the Working Group is reviewing several areas that include: (1) seeking to implement the recommendations of the 2009 Information Management Report; (2) developing practical national and regional information management and data collection models to map out structures and processes necessary for effective law enforcement information management; and (3) developing a common semantic understanding amongst law enforcement agencies and key stakeholders through the establishment of standard data components.

In addition, the Working Group is currently assisting the FFA in advancing the call by Forum Leaders in the Vava'u Declaration to protect fisheries through enhanced law enforcement cooperation and is providing support for regional efforts to develop a multilateral agreement based on the Niue Treaty Model. In 2010, Pacific Law Enforcement and Fisheries Ministers agreed that the Programme, including through Working Group deliberations, should (1) examine how law enforcement agencies can best access and utilise fisheries information; and (2) provide support to the activities of a drafting group established to drive the negotiation process for the development of the proposed multilateral agreement scheduled by Forum Leaders to conclude by the end of 2012.

Small arms and light weapons continue to pose a serious threat to regional security. Small arms and light weapons, whether stolen or otherwise obtained from security force armouries, have featured prominently in the Pacific's most recent conflicts. While these weapons have been supplemented by home-made firearms and small scale trafficking, the majority of the weapons have been obtained because of inadequate control and stock-taking of legitimate weapons in Pacific Island communities. The Programme is working with various regional and international agencies to ensure these issues are addressed. A key component in fighting the unlawful use of SALW is the implementation of the United Nations Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All its Aspects as adopted in 2001 (UN PoA). At the 2010 FRSC, members endorsed the Regional Implementation Guidelines that had been developed in conjunction with the United Nations Office for Disarmament Affairs to establish a regional approach to assist members in implementing the UN PoA. The Regional Guidelines provide a mechanism for the Programme and regional and international stakeholders to coordinate resources to support members in implementing the UN PoA and provides a strong statement to the international community on regional solidarity regarding the threat of illicit SALW.

Initially highlighted as an emerging issue in the 2007 FRSC, criminal deportees continues to be a significant law enforcement concern for the region. While research conducted by PIFS on criminal deportees initially highlighted a broader regional problem with respect to



youth offending and domestic management, the potential threat of deportees to act as facilitators of major domestic and transnational crimes such as narcotics/firearms trafficking and armed robbery in the countries to which they have been returned continues to be raised as a serious criminal threat. To assist members states, in 2010 the Programme undertook research on initiatives to counter youth offending and in conjunction with PIDC and PICP is developing a coordinated strategy to assist members in developing domestic policies and structures to manage the threat posed by Criminal Deportees.

The Programme also coordinates activities and initiatives to support counter terrorism activities in the region. The Programme provides Secretariat support to the Pacific Working Group on Counter Terrorism. In addition to reviewing global terrorism-related activities and international trends that may affect the region, this Working Group coordinates and provides technical assistance and support to members in implementing their obligations under various counter terrorism conventions and United Nations Security Council Resolutions such as UNSCR 1540 and 1373. In 2010 the Working Group met in Suva on 2 June and presented a consolidated report to the FRSC on regional counter-terrorism efforts.

### **Assistance with Honiara and Nasonini Declarations legislation**

The Programme, as part of ongoing work, continues to encourage member states to adapt and enact the Model Law on Counter Terrorism and Transnational Organised Crime developed by PIFS to implement the legislative obligations under all the UN counter terrorism instruments and the UN Convention Against Transnational Organized Crime and its Protocols. While member states have been slow to move on FRSC recommendations to consider adopting the model, the Programme appreciates that such legislation has to compete with priority domestic legislation. In addition, assistance was provided to Forum Island Countries to adapt the updated model legislation on Extradition, Mutual Legal Cooperation and Proceeds of Crime. The adaptation of the regional Model Law on Customs, developed by PIFS in collaboration with the OCO was another area undertaken by the Programme.

### **Security – Regional and International Issues**

Under the framework of the 2000 Biketawa Declaration, the Programme assists the Secretary General in his Good Offices role which includes, as required, the provision by the Political Adviser of advice on political and security developments to member countries. A key priority for the Programme is to maintain and expand key working partnerships with other major intergovernmental bodies, particularly the United





Nations and the Commonwealth, given the significant support they can lend to the Forum on peace and security issues, including vital conflict prevention and crisis response support for the region.

## **Fiji**

A Special Leaders' Retreat held in Port Moresby on 27 January 2009 considered recommendations of the Ministerial Contact Group (MCG) regarding Fiji's failure to progress its undertakings to return to democratic rule. These recommendations were adopted unanimously by Leaders and subsequently conveyed to Fiji authorities in accordance with the provisions of the Biketawa Declaration. Following Fiji's failure to meet the deadline to confirm a commitment to return to democracy, Fiji was informed on 2 May 2009 that the Leaders' decision on its suspension from participation in Forum meetings was in effect. Consequently, Fiji became ineligible to receive new Forum financial and/or technical assistance, other than assistance earmarked towards the restoration of democracy, and could not also benefit directly from Forum regional cooperation initiatives. The Forum Chair continued to consult all Forum Leaders on developments and, in the absence of any change in Fiji's stance, the Leaders' decisions on Fiji's suspension were re-affirmed at the Cairns Forum in August 2009, and at the Port Vila Forum in August 2010.

The suspension decision came in the wake of the 10 April 2009 abrogation of the Fiji Constitution and the declaration by the late President Iloilo of a new legal order, including the revocation of all appointments to the judiciary which had been prompted by a court ruling that the interim government was illegal. The late President also announced that general elections would not take place until September 2014 and reappointed Commodore Bainimarama as caretaker Prime Minister to lead his government for a period of five years with the country to be ruled by decree.

The Public Emergency Regulations (PERs) that were promulgated by Presidential Decree on 10 April 2009 for 30 days continued to be



extended every month. There were expectations in 2010, on the basis of advice by the government, that the PERs would be lifted once the Media Industry Development Decree 2010 (commonly known as the Media Decree) came into effect. Although the Media Decree came into effect in June 2010, the PERs have remained in force. The continuing application of the PERs have allowed the interim government to limit the expression of fundamental human rights by the people of Fiji, consequently impacting on their freedoms of speech, movement and assembly.

Led by the Ministerial Contact Group (MCG) process, the Forum continued at high level to engage Fiji, in addition to efforts undertaken by individual countries and others. Since their last meeting in December 2008, the MCG again met on 31 May 2010 in Auckland, New Zealand. The MCG received a presentation from the interim Foreign Minister of Fiji at that meeting, after which the Minister issued an invitation for the MCG to visit Fiji before the Forum Leaders met. The invitation for the MCG to visit Fiji was however withdrawn the day after the MCG met. The Chair of the MCG, Prime Minister Sevele of Tonga, subsequently visited Fiji and later submitted his report to Forum Leaders at their meeting in Port Vila in August 2010.

Leaders at their meeting in Port Vila noted the report of the MCG Chair on Fiji and commended continuing efforts to encourage and support Fiji's early return to parliamentary democracy in accordance with the Leaders' mandates and the Biketawa Declaration, cognisant of the Leaders' decisions at Port Moresby and Cairns in 2009. Reflecting on the report of the Chair of the MCG, Leaders expressed and registered their continuing deep concern at the serious political and economic challenges facing Fiji and noted that there remained a clear commitment from all Forum members to continue to offer Fiji their assistance in addressing the challenges faced by Fiji, and to encourage full restoration of parliamentary democracy.

### **Regional Assistance Mission to Solomon Islands**

The Regional Assistance Mission to Solomon Islands (RAMSI) remains a critical Forum regional deployment, underpinned by the firm commitment of Forum Leaders in the purpose of this regional mission to provide meaningful security and governance assistance to a fellow Forum member. The Forum Ministerial Standing Committee (FMSC) on RAMSI met on 9 April 2010 in Honiara, Solomon Islands and commended the strong leadership and commitment of the Solomon Islands Government and RAMSI in working together to ensure lasting benefits for the people of Solomon Islands. Forum Leaders, at their meeting in Port Vila in August 2010, welcomed progress made in the implementation of the Solomon Islands Government (SIG)-RAMSI Partnership Framework, which included the rebuilding of the economic infrastructure and long-term sustainability of the Solomon Islands.





Forum Leaders also welcomed the outcomes of the Parliamentary Foreign Relations Committee's Inquiry into the Facilitation of International Assistance Act 2003.

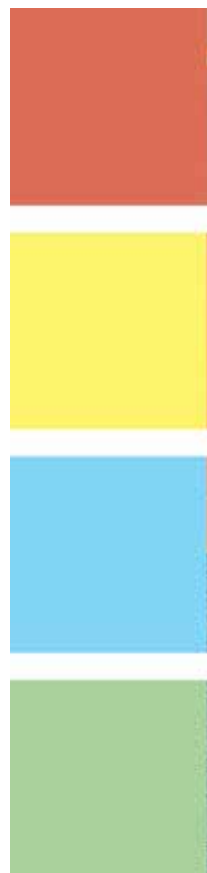
In the margins of the Forum Leaders' meeting in Port Vila in August 2010, RAMSI staged a photographic exhibition marking the commencement of the period of the 10th Anniversary of the Biketawa Declaration that was adopted by Forum Leaders on 28 October 2000 in Kiribati. The RAMSI remains a unique and, thus far an effective regional arrangement of its kind pertaining to management of a crisis. Its' success under the Biketawa Declaration continues to draw on the support of all Forum member countries, and remains an outstanding demonstration of what can be achieved through committed and well coordinated regional cooperation in times of crisis.

## Human Security and Conflict Prevention

The Programme's work on strengthening conflict prevention and human security was guided by the FRSC-approved three year (2009-2011) Human Security Framework for Conflict Prevention and the Biketawa Declaration which continues to provide the mandate for the Programme's engagement in conflict prevention and crisis response activities. The Programme's ongoing partnership with the UNDP Pacific Centre continued to develop with the out posting of a new UNDP Conflict Prevention Adviser to the Programme. The Programme was further strengthened with the creation of a Human Security Officer position to support the Adviser and other relevant staff working on cross-cutting issues.

Significant progress was made in a number of key areas. In partnership with the UNDP Pacific Centre substantive research and feedback workshops were undertaken in each of the six case study countries for the Marginalized Pacific Youth Involvement in Crime and Violence project with policy and programming recommendations planned to be presented to the FRSC in 2011 for endorsement. Work on women, peace and security was enhanced in 2010 with the Programme participating in a Asia-Pacific regional meeting to commemorate the tenth anniversary of UN Security Council Resolution 1325.

The Pacific region has been in many instances affected by significant challenges to effective civilian oversight of security institutions. As with





the experiences of other nations around the globe, one of the key security challenges in the Pacific region is promoting transparent and accountable security institutions such as the police, military, customs, border management and prison services, which are fully aware of their roles and responsibilities. There have been too many instances in the Pacific where security institutions embark on actions separated from political governance structures, resulting in the state losing control of the monopoly of the use of force.

To support the Pacific Islands Forum Leader's vision for a peaceful, secure and prosperous region, the Programme in collaboration with UNDP began implementing a joint regional initiative to enhance the governance of security institutions in the Pacific. Building on work previously completed, in 2009 and 2010 the Joint PIFS UNDP PC initiative undertook national strategic planning sessions in Vanuatu, Solomon Islands and Papua New Guinea to map out key security sector issues and provide recommendations to assist in developing cohesive national security policies. The Joint initiative hosted a Workshop in Papua New Guinea and also undertook preliminary consultations with stakeholders in Vanuatu and Solomon Islands to provide direction on the development of national security policies. In February 2010 the joint UNDP/PIFS Publication – Enhancing Security Sector Governance in the Pacific Region: A Strategic Framework, was released. In detailed discussion of security sector challenges in the Pacific, the document was the first of its kind in the region and was intended to be a resource tool to support regional and national stakeholders to develop appropriate policies and programming in the relatively new thematic area of security sector governance.

Emerging from the 2009 Pacific Islands Forum Leaders Meeting was a recognition that sexual and gender based violence (SGBV) was a risk to human security and a potential destabilizing factor for communities and societies. To better engage in this issue the 2010 Forum Regional Security Committee endorsed the establishment of a Sexual and Gender Based Violence Reference Group with the aim to raise awareness and recognition of the prevalence of sexual and gender based violence in the region, and to eradicate SGBV and ensure all individuals have equal protection of the law and equal access to justice.

The Programme continued to facilitate dialogue and policy exchanges with civil society organisations (CSOs), with a focus on key meetings in April and November 2010, to ensure CSO views are accounted for in the Programme's approach to peace, conflict and security issues. The Dialogue is a mechanism to give CSOs the opportunity to raise concerns with the Forum and provide input in to policy making.

## **Election Observation**

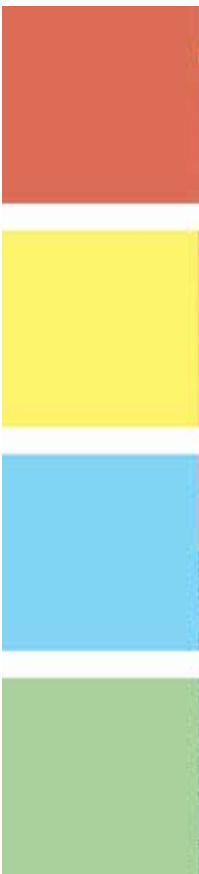
On behalf of the Forum Secretariat, the Programme continues to respond positively to requests from members to provide independent

regional observation and reporting on their elections. The Forum's election observation activities are welcomed by member countries as contributing to their shared commitment to peaceful and democratic governance in accordance with the Biketawa Declaration, as well as their individual efforts to strengthen the integrity of their electoral processes. In 2010, the Forum Secretariat arranged and provided Forum election observation teams to elections held in Nauru (24 April), Bougainville (7 – 24 May), Solomon Islands (3 August), and the Cook Islands (17 November). The Forum teams collaborated closely with similar election observation teams from the United Nations, the Commonwealth, Australia and New Zealand for elections held in Bougainville and the Solomon Islands in 2010. The reports of the election observation missions are provided to all Member countries, and also published on the Forum Secretariats' website: [www.forumsec.org](http://www.forumsec.org)

### **Nuclear and Disarmament Issues**

The Programme also provides advice and support to members on global security, disarmament issues and non-proliferation issues, including the ratification and implementation of global security treaties, and advocacy with the broader international community on identified security priorities such as nuclear liability and non-proliferation. In this regard, PIFS works with relevant international organisations to provide implementation advice and support to our members. With the Forum Secretary General the Focal Point for the South Pacific Nuclear-Weapon-Free Zone Treaty (Treaty of Rarotonga), the Programme prepared a statement that was delivered by Australia on behalf of the Forum members, during the 2nd Conference of States Parties to Nuclear Weapons Free Zones and Mongolia held on 30 April 2010, New York. Further, the Forum Secretariat co-hosted with the Organisation for the Prohibition of Chemical Weapons (OPCW) in July 2010 a workshop to promote legislative implementation of the Chemical Weapons Convention. The workshop provided a valuable opportunity for government lawyers and legislative drafters to share their experiences in implementing the CWC, and access expert advice from the OPCW in the development of appropriate laws and regulations.

With regard to nuclear shipments, contact was maintained in 2010 with the shipping states at the senior political level, as well as facilitation of information exchange between Forum Secretariat officials and representatives of the shipping companies. In accordance with Forum Leaders' decisions, the Programme has also continued to assist the Republic of Marshall Islands (RMI) in coordinating regional support for its advocacy with the United States Government on the impact of US radioactive testing in RMI.



## Regional Legal Cooperation

Through its International Legal Adviser, the Programme continues to support efforts to enhance regional cooperation in the legal sector, including, for example, through close collaboration with the Secretariat of the Pacific Islands Law Officers' Network (PILON), and participation in the annual PILON meeting. In 2010, the Programme commenced work to activate a scoping study to examine 'possibilities for regional support, including through pooling of resources and regional integration, in legal institutions and mechanisms providing legislative services, and in the areas of judiciaries, courts and tribunals' as identified in Initiative 12.9 of the Pacific Plan. The scoping study will produce a report by mid 2011 for members' consideration as to recommended regional approaches to supporting members' judicial and legislative drafting services.

## Legal Drafting

Overall strengthening of the legislative drafting capacity of Pacific Island legal drafters is a key activity for the Programme in supporting improvements in regional law enforcement cooperation. The Programme continues to work with the Commonwealth Secretariat, University of the South Pacific (USP) Law School and Attorneys General from Member Countries to build sustainable legislative drafting capacity in the region. Specific activities in 2010 included providing technical assistance to the Professional Diploma in Legislative Drafting course offered by the University of the South Pacific and sponsoring a range of students on that course. Other key activities included supporting the Pacific Law Drafters' Technical Forum, the on-going updating and circulation of a 14 point Action Plan on Sustainable Capacity for Legislative Drafters in the Pacific and facilitating pairing and twinning arrangements between Pacific Island Countries Law Drafting Offices and Australian and New Zealand Law Drafting Offices.

## Governance

The placement of the PIFS Governance Adviser since 2009 in the Political, Governance and Security Programme has been successful in raising the profile of this work, consistent with Governance being one of the four pillars of the Pacific Plan. It also brings a new emphasis to the good governance programme which seeks to develop sustainable, tangible and appropriate regional programmes to support national efforts to strengthen the quality of governance in the region. The four key projects involve bolstering oversight and integrity institutions, enhancing governance mechanisms, strengthening conditions for participatory democracy, consultative decision-making and electoral processes, and creating partnerships for good governance. These projects were funded in 2010 through AusAID's Pacific Leadership Program.



Key activities in 2010 included implementation of regional ombudsman support activities by the Pacific Ombudsman Alliance (POA), encouragement of ratification of the UN Convention against Corruption (UNCAC) by Forum members, strengthening governance through leadership practice and research, culminating in the publication of Country Reports on Actual Leadership Practice Against the Forum Principles of Good Leadership in October 2010 with 13 FICs for the period 2008 completed. The programme also continued efforts to improve access to official information/freedom of information and programmes aimed at addressing more equal gender participation in national decision-making processes.

## Human Rights

The appointment of a Human Rights Adviser in March 2010 has contributed greatly to the Forum's implementation of the human rights initiatives of the Pacific Plan. A key achievement was the endorsement by the 2010 FRSC of a joint collaboration by the PG&S Programme and the Regional Rights Resource Team of the Secretariat of the Pacific Community (SPC/RRRT), to scope the viability of a Regional Human Rights Mechanism in the Pacific. The Programme and SPC/RRRT will report to the next FRSC with updates on the scoping study. The Programme also provided advice and assistance to members on their international human rights obligations, including assistance to Palau, Papua New Guinea, Samoa and Solomon Islands with the preparation of their country reports for their respective Universal Periodic Reviews in 2011. Assistance was also provided to complete funding proposals for members to attend and present UPR reports in Geneva (Solomon Islands, Papua New Guinea, Samoa and Palau).

A major application for funding was made to the European Union in late 2010 for assistance with the ratification, compliance, and implementation of major human rights conventions in the region. If successful, the funds would also enable the Programme and its partners to enhance awareness and understanding of the linkages between human rights and development, and assist countries meet their international obligations. An integral part of the Programme's human rights work is its partnership with relevant regional and international organisations and civil society groups. In that regard, the Secretariat participates in regular meetings of stakeholders organised by the UN Office of the High Commissioner of Human Rights based in Suva, Fiji.

The Programme also assisted partners with their regional human rights activities, including supporting SPC/RRRT with the Regional Lawyers Human Rights Consultation and Regional Judges and Magistrates Human Rights Consultation.

The Programme also provided support to national governments with specific human rights requests such as to the Palau Department



of Women with its Human Rights and Culture consultation. In collaboration with the Office of the High Commissioner for Human Rights, the Programme assisted with the visit of the Special Rapporteur on the Convention Against Torture. The visit by the SR on CAT also provided opportunity for the Programme to undertake scoping study on torture, inhumane and degrading treatment in Vanuatu with the Office of the High Commissioner for Human Rights.

## **Institutional Issues**

### Leaders' Summits and High level meetings

The Programme plays a major role in facilitating annual Forum Leaders' and related meetings and the range of Summits and high level meetings between Leaders and key partners. In 2010, in close cooperation with the host government, Vanuatu, the Programme organised the Forum Leaders meeting and related meetings in Port Vila from 3-6 August. The Programme also prepared arrangements for the Secretary General to participate in the general debate of the 65th session of the United Nation General Assembly and associated meetings, including the Summit on the Millennium Development Goals, and the High-level review meeting on the implementation of the Mauritius Strategy for Further Implementation of the Programme of Action for Sustainable Development of Small Island Developing States in September 2010 in New York.

### **Associate Members and Observers**

There was one new application for Forum Observer status during 2010 from the World Bank. This application was approved by Forum Leaders which facilitated the World Bank's participation in the Forum meetings in Port Vila as an official observer.

### **Treaty Depository Role**

The Programme supports the Secretary General in his role as Depository for nine regional treaties, and provides State Parties and the wider public with up-to-date information on their status, including through regular updates on the PIFS website. During 2010, the Programme provided legal advice and administrative support for amendment processes and other treaty actions, including in relation to the Pacific Islands Civil Aviation Safety and Security Treaty (PICASST), the Pacific Agreement on Closer Economic Relations (PACER), and the Memorandum of Understanding establishing the Pacific Forum Line.





## ECONOMIC GOVERNANCE PROGRAMME

*The Economic Governance Programme focuses on two goals of the Leaders' Vision – those of promoting economic growth and regional integration. The Economic Growth Pillar of the Pacific Plan has three elements:*

- 1) Increased sustainable trade (including services), and investment;*
- 2) Improved efficiency and effectiveness of infrastructure development and associated service delivery; and*
- 3) Increased private sector participation in, and contribution to, development.*

These three elements of the Pacific Plan's Economic Growth Pillar inform the three components under the Economic Governance Programme - Economic Reform and Infrastructure, Trade Policy, and Trade and Private Sector Development.

2010 was a year of consolidation and strengthening for the Economic Governance Programme. Over the course of the year, the Programme's economic infrastructure activities were concluded as the primary responsibility for infrastructure programming was moved to SPC. The end of the Pacific Regional Economic Integration Programme (PACREIP), funded by the European Union, and the Regional Trade Facilitation Programme, funded by Australia and New Zealand, saw a number of activities relating to trade facilitation end and a reconfiguration of work and staffing.

Forum Leaders and Ministers met in Vanuatu in February 2010 to discuss the impact of the global economic crisis on Pacific island communities and the region's social development. Leaders recognised the broader social impacts of the crisis on families, stresses on the



delivery of essential health and education services, efforts to alleviate poverty and the region's progress in achieving the Millennium Development Goals. This set the tone for the work of the Economic Governance Programme in 2010, which undertook a range of initiatives to improve Forum Island Countries' economic, trade and intellectual property frameworks to provide them with stronger economic foundations in the face of continued economic challenges.

In trade policy, a focus of technical work undertaken in 2010 was to make progress in the Economic Partnership Agreement negotiations with the European Union. A number of major technical workshops were undertaken over the year to finalise market access offers and legal text in preparation for the conclusion of negotiations. These meetings brought together trade, customs, fisheries and legal officials. Seven draft market access offers on trade in goods were submitted to the European Commission and a workshop was held between the Pacific ACP states and the European Commission in November 2010 to progress negotiations on market access offers.

The establishment of the Office of the Chief Trade Adviser for Forum Island Countries on PACER Plus negotiations took place in March 2010, and the Economic Governance Programme provided support for PACER Plus negotiation meetings and workshops during the year, including a Dialogue with non-state actors in October.

Good progress was made on PICTA Trade in Services negotiations, with the fourth round of negotiations held in March. In addition, Tuvalu announced readiness to trade under the PICTA goods agreement, becoming the seventh Pacific island country to trade under PICTA.

As well as providing assistance with regional negotiations, trade policy support was provided at the national level through several initiatives. With the assistance of the Hub and Spokes Project, which is co-funded by the European Development Fund (EDF) and the Commonwealth Secretariat, national trade policy frameworks were drafted and progressed with a number of countries including Republic of Marshall Islands, Nauru, Niue, Palau, Tonga and Vanuatu. The comprehensive trade policy framework for the Federated States of Micronesia was endorsed by Congress in January 2011. Continued support for this important work was secured at the end of 2010 and work to progress the implementation of national trade policies will continue in 2011.

National-level work also continued in 2010 to support the Traditional Knowledge Action Plan launched in 2009. The Economic Governance programme, in partnership with the World Intellectual Property Organisation, provided technical support for countries wishing to develop and implement legal frameworks for the protection of intellectual property and traditional knowledge. Work also commenced on a partnership with SPC to support the promotion of traditional knowledge through the development of cultural industries, which will continue in 2011.

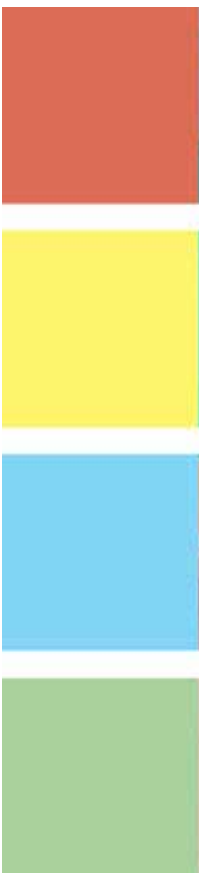




Strengthening work commenced in a number of areas of the Economic Governance Programme in 2010. Preparations for the end of PACREIP included work to secure new funds through the Pacific Integration Technical Assistance Programme under European Development Fund 10 (EDF-10). In addition, in its role as coordinator of Aid for Trade initiatives through the Pacific Aid for Trade Strategy, the Economic Governance Programme coordinated the programming of the European Union's €5 million envelope for Aid for Trade. These funds were fully programmed through the Aid for Trade Roundtable process, making the Pacific one of the only ACP regions to fully programme their Aid for Trade allocations under EDF-10. In light of this, Pacific countries requested that a review of the Pacific Aid for Trade Strategy commence, to update the Strategy in light of new developments. This work will continue in 2011.

With the appointment of a new Ambassador to the Office of the Permanent Representative to the World Trade Organization in Geneva, the Economic Governance Programme commenced a process of strengthening the WTO work programme in preparation for a move to the Commonwealth Secretariat's Small States Office. New funding was secured and additional staff and service provision will commence in 2011.

Strengthening work on the newly rebranded Pacific Islands Trade and Invest network continued, with new branding and naming in place in both the Sydney and Auckland Offices by the end of the year. Auckland and Beijing joined Sydney in implementing the improved outcome assessment and reporting system, which will result in consistent and high-quality reporting on Office achievements. A new Trade Commissioner was welcomed to the Auckland Office, and the Trade Commissioners met twice during the year, including in Shanghai to review the Pacific island presence and trade-promotion activities being undertaken at the Shanghai World Expo. A particular achievement for the Beijing Office in 2010 was the Pacific Trade and Investment Symposium, held in conjunction with the Expo, which stimulated a number of trade missions to the Pacific and has already resulted in business for a number of Pacific enterprises.





Economic policy was the focus of Forum Economic Ministers' Meeting in Niue in October 2010, where Ministers met to discuss ways to broaden the economic base and create stronger, more robust economies as the impact of the global economic crisis lessened. Ministers examined the impact of the crisis on remittances and revenues and discussed ways to mitigate this impact and improve revenue collection. They also considered and approved a model regulatory and policy framework focused on competition, access and pricing, fair trading and consumer protections.

During the year, a Roadmap for Strengthening Public Finance Management in Forum Island Countries was developed by the Pacific Financial Technical Assistance Centre, and this was approved by Economic Ministers as a tool to support the implementation of the Forum Compact on Strengthening Development Cooperation in the Pacific.

Work also commenced on the development of a framework to improve access to and management of climate change financing, which will continue to be considered by Economic Ministers at the direction of Forum Leaders. A number of regional agencies are participating in this initiative, which is being coordinated by the Economic Governance Programme.

As the year closed, the Economic Governance Programme had completed consolidation work and was preparing for the commencement of a range of new initiatives in 2011 which, with the support of development partners, will further strengthen national level engagement to help countries build their capacity in trade and economic policy.



## STRATEGIC PARTNERSHIP AND COORDINATION PROGRAMME

*The Strategic Partnerships and Coordination Programme (SPCP) of the Forum Secretariat is to support the critical strategic and coordination role of the Pacific Islands Forum as the premier political regional organization in the securing and fostering of partnerships and the mobilization of resources to support regional and national development challenges identified by Leaders.*

It provides advice and coordination to support members better engage with development partners. In doing so, it facilitates dialogue; support the representation and advocating of Forum positions on various issues at both regional and international levels; and provides strategic advice to Forum Members to better understand, access and utilise available and future resources to support the building of national and regional capacity to meet the development challenges the Pacific faces. In addition, the Programme works collaboratively with key partner agencies, development partners and donors in the implementation of Leaders decisions. It does this through strengthening partnerships, enhancing coordination and assistance in support of the effective implementation and monitoring and evaluation of Leaders decisions and maintaining effective communication with members on the implementation progress of these key regional priorities.

The oversight and coordination of the implementation of the Pacific Plan, remains a central feature of the Programme. Since the launch of the Forum Compact on Strengthening Development Coordination in the Pacific by the Leaders in Cairns, Australia in August 2009, a significant volume of work has been generated and managed by the Programme. The Programme continued to provide quality assessment and analysis of current and emerging issues of interest to members and also catered for the special requirements of the region's Smaller Island States.



## The Pacific Plan

The Pacific Plan has remained the key strategic framework for setting regional development priorities in support of greater integration and cooperation. A major focus of the Pacific Plan Office in 2010 was to strengthen reporting against the priorities endorsed by Leaders at the 2009 Forum meeting in Cairns. For the first time, the annual Pacific Plan progress report was supplemented by an annex that provided a comprehensive overview of the work being undertaken by selected member states and the Council of Regional Organisations in the Pacific (CROP) to implement the Pacific Plan. The annex also provided detailed information on the risks and issues facing organisations implementing the Leaders' priorities. Again for the first time, a French version of the annual Pacific Plan progress report was produced.

Key achievements in the implementation of the Pacific Plan noted in 2010 Pacific Plan Annual Progress report included in the fisheries sector, with eight Pacific Island Countries signing an instrument under the Nauru Agreement providing for more stringent conservation and management measures as part of the terms and conditions for tuna purse seine fishing licences in the region; the establishment of a sub-regional shipping feeder service for the central Pacific smaller islands states; efforts to work collectively to address climate change and food security; and renewed work around development effectiveness through the Compact.

Work continued in 2010 to streamline reporting against the Pacific Plan and identify opportunities to better link the processes and reports prepared under the Compact to the Pacific Plan. While some initial steps were identified, including using the Pacific Plan to report on infrastructure and private sector engagement as envisaged under the Compact, further effort will be required in 2011 to fully align these two processes.

The Pacific Plan Desk Officer scheme was revitalised in 2010. In addition to the Smaller Island States Desk Officers established earlier as an initiative under the Pacific Plan, a Pacific Plan Desk Officer was also appointed in Vanuatu. The Desk Officer position plays a key

role in supporting implementation of Pacific Plan initiatives at the national level, and ensures that national efforts in support of the Plan are recognised and duly reported. Following a request from the Government of the Solomon Islands in July 2010, negotiations commenced to place a Pacific Plan Desk Officer in Honiara. This position is expected to be in place in 2011.

The Pacific Plan Office faced a number of challenges over the course of 2010. A major issue was maintaining the profile of the Pacific Plan given the new focus by the Secretariat on implementation of the Compact. Further work is required to ensure that the strategic linkages between the Compact to the Pacific Plan are fully articulated and endorsed by Members. The Pacific Plan must remain the key regional pronouncement of regional development priorities and the Compact, a tool available in support of its implementation.

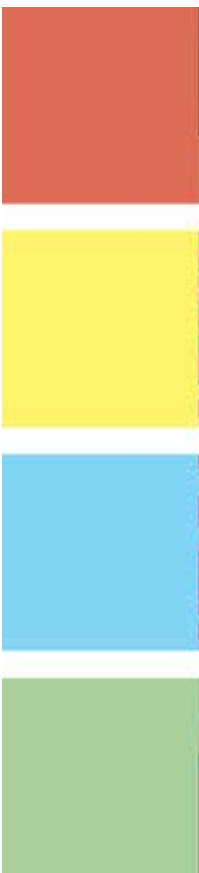
The delay in finalising the Non-State Actor position in the Pacific Plan Office continued to be a challenge. This has impacted on the capacity of the Office to fully engage with non-state actors on issues around the Pacific Plan noting that the Secretariat engages with the non-state actor sector on a regular basis in its other Programmes. The Non-State Actor position for the Pacific Plan is expected to be filled in 2011.

In addition to the priorities already identified above for the Pacific Plan Office in 2011, a major initiative next year will be supporting key events for the 40th anniversary of the Pacific Islands Forum, including a lecture series by Pacific Leaders on regionalism and the Pacific Plan.

### **The Forum Compact on Strengthening Development Coordination in the Pacific**

Overall, there have been some major achievements but also understandably some issues with regards to the first full year of implementation of the Compact in 2010. Key milestones in 2010 included: i) the successful completion of Peer Reviews of national development planning systems and processes of two Forum Island Countries (FICs) namely Kiribati and Nauru, ii) eight FICs have assessed and shared reports on their national planning, budgeting and aid coordination systems; and iii) twelve development partners have shared assessments on their efforts to improve aid effectiveness.

In addition, the *2010 Pacific Regional MDGs Tracking Report*, and the *2010 Tracking the Effectiveness of Development Efforts Report* were developed by the Forum Secretariat in consultation with Forum Member countries and development partners. Both reports were well received and endorsed by the Forum Leaders at their meeting in Vanuatu. In response to the findings of the 2010 Pacific Regional MDGs Tracking report, Forum Leaders adopted the Port Vila Declaration on Accelerating the Progress of the Achievement of the MDGs; sending a strong signal to all stakeholders of the need to work closer together



through country led approaches in the achievement of the MDGs before the 2015 deadline. The 2010 Pacific Regional MDGs Tracking Report was subsequently launched at the UN High Level Summit on the MDGs in September 2010.

Central to ensuring and developing robust financial management systems the Roadmap on Strengthening Public Financial Management was endorsed by Forum Leaders as a measure to ensure regular assessments and follow up actions on improving Forum island countries' public financial management systems to better align resources with national plans and budgets and provide clear guides to development partners on where resources are most needed. Since the endorsement of the Roadmap, the Pacific Financial Technical Assistance Centre (PFTAC) has been identified as the regional focal point to assist countries in implementation of the Roadmap with two FICs having undertaken a Public Expenditure & Financial Accountability (PEFA) assessment.

The evidence gathered in 2010 has provided a useful but still incomplete profile of development coordination and achievement of the MDGs in the Pacific. There was agreement that the process and format of information gathering needed to be improved and streamlined with national and global processes, to ease the reporting burden on already stretched capacity at the country level particularly for Smaller Island States.

Key directives from the Forum Leaders and Economic Ministers in 2010 for further action were;

- i. the **centrality of the MDGs** in the Forum Compact and that strengthening development coordination should contribute to better delivery of well resourced, allocated priority actions to accelerate the achievement of the MDGs in the Pacific;
- ii. the importance of identifying, implementing and resourcing **country led priority actions with support of development partners** to strengthen development coordination at the country level;
- iii. the importance of **positioning the coordination of climate change financing** at the country and regional levels within the context of improved national and regional development coordination;
- iv. the **approval and implementation of the Public Financial Management Road Map** linked to broader development coordination/effectiveness efforts;
- v. the **need for further work in support of private sector development** and dialogue at the country and regional levels;
- vi. that overall the first **year of implementation has yielded some good results** in terms of useful information and tools to guide decision making and action at the country and regional levels.





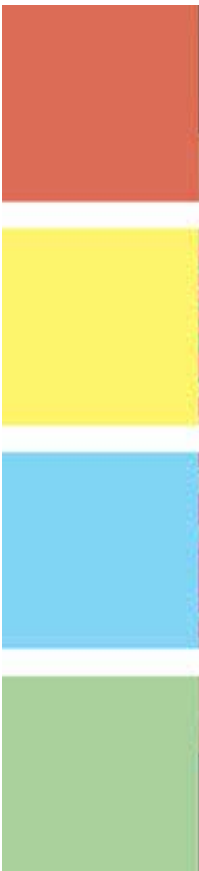
In addition, the Forum Leaders and Economic Ministers in late 2010 directed the Secretariat to prepare two Compact related position papers for their consideration; i) An options paper to advise Leaders on options **to improve access to, and management of, climate change resources**; and ii) A paper on an Overview of the Forum Compact with a focus on the **role of Economic Ministers in strengthening development coordination**.

The Secretariat has in 2010 strengthened its capacity to support the implementation of the Compact with the appointment of three new staff; the Regional MDGs Adviser, the Regional Planning Adviser and the Forum Compact Administrative Assistant. The Secretariat has also established two regional groups to advise and support the Secretariat's lead coordination and implementation role of the Forum Compact – The MDGs Technical Working Group and an inter-agency Reference Group to consider Compact reporting processes.

### **Partners Relations**

The Post Forum Dialogue (PFD) continued to provide the high level political forum for interactions between PFD partners and Forum members. Its meeting in 2010 was highly interactive and guided by the themes of Global challenges, development coordination in line with the Forum Compact objectives and International Support for Small Island Developing States in relation to the MDG+10 and MSI+5 events.

The PIC-Partners' meeting provided a forum for interactions between Pacific Forum members and all development partners active in the region. In view of the composition of this annual meeting, it was decided the PIC/Partners meeting in 2010 would provide the first opportunity for Forum members and their development partners to consider all reports developed under the Compact. The outcomes from the 2010 PIC/Partners meeting were used to steer ongoing implementation of the Compact particularly in improving its processes and outcomes. This meeting needs to be substantially restructured to ensure it has clear alignment and input in the decision making mandates of other Forum meetings, particularly leading up to the Forum Leaders' meeting.





## Development Fund Management

The Programme continued to manage several funds provided by development partners.

### *European Development Assistance*

The most significant of these funds is the European Development Fund (EDF). The focus in 2010 for the EDF is in its 10th funding cycle, was to further develop project proposals for funding under the EDF-10. Two project proposals were submitted late 2010 and expected to receive approval in early 2011.

The first proposal, submitted in 2010, Strengthening Pacific Economic Integration Through Trade (SPEITT) worth €30 million, will focus on implementing the Regional Aid for Trade Strategy. It has four components which will be implemented by four different regional organisations:

- **Trade Facilitation in Customs Cooperation (TFCC-€8m)** - Oceania Customs Organization (OCO)
- **Pacific Integration Technical Assistance Program (PITAP-€8m)**- Pacific Islands Forum Secretariat (PIFS)
- **Enhanced Sustainable Livelihoods through Facilitating Increased Trade and Product Diversification (IACT-€9m)** - Secretariat of the Pacific Community (SPC).
- **Pacific Regional Tourism Capacity Building (PRTCB-€5m)** - South Pacific Tourism Organisation (SPTO).

The second proposal was for the Technical Cooperation Facility with a value of €2m, which included €1m for the Pacific Financial Technical Assistance Centre (PFTAC). The funding is expected to allow PFTAC to increase its current level of technical assistance to PACPs in order to help prepare Budget Support in as many Pacific ACP States as possible.



The Senior Officials Meeting scheduled annually between the European Union and Pacific Islands Forum representatives was also successfully held in 2010 as part of the enhanced political dialogue mechanism between the EU and PIF. For the first time the Chair of the Smaller Island States, Palau, was present as a member.

In December 2010, the Secretary General signed, on behalf of the Pacific Region, a MOU in the framework of the Joint EU-Pacific Initiative on Climate Change in Strasbourg with EC Commissioner Mr Andris Piebalgs. The objective is to mobilise EU Member States and international partners to join efforts to reinforce Pacific Countries' capacity to address the impacts of climate change more efficiently.

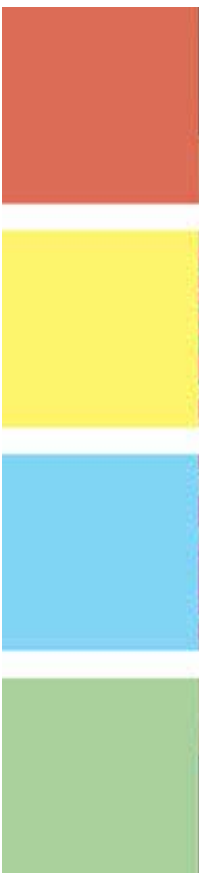
During the year a 10th EDF CROP Mission to Timor Leste was led by PIFS in order to foster closer relations with Timor Leste as the latest PACP member and to assist the Government in accessing assistance under all the EDF 10 funded projects

#### *Pacific Environment Community (PEC) Fund*

Over the last twelve months, the Secretariat has progressed with the implementation of the 6.8 billion yen (approximately US\$66m) Pacific Environment Community (PEC) Fund which was launched by Japan at the PALM5 Summit in 2009. These funds will be used to support projects in Forum Island Countries with a focus on the provision of solar power generation systems and sea water desalination plants.

In addition to the establishment of the Joint Committee (JC) comprising the representatives of the Government of Japan and the Secretariat, to provide oversight and to make the necessary decisions with respect to the implementation of the PEC Fund, the PEC Fund governance structure has been fully implemented in 2010 with the establishment of a Project Management Unit (PMU) and a Technical Advisory Group (TAG). The PMU has been established in the Forum Secretariat to assist the Secretariat manage, monitor and disburse the PEC Funds under the Project Procedures approved by the Joint Committee. A TAG has also been formed to assist the Secretariat in providing the technical assessment and evaluation of project concept notes and detailed project proposals for the consideration of the JC. Members of the TAG consisted of experts from the Secretariat of the Pacific Community and Pacific Power Authority and two experts nominated by the Government of Japan.

With the institutional and operational arrangements established, FICs were also invited to begin the process of preparing and submitting Project Concept Notes to the Secretariat as a first step toward gaining access to their indicative country allocation under the PEC Funds. The Secretariat will continue to implement, manage and administer the PEC Funds in 2011 and beyond.



### *Regional Scholarship Schemes*

To address human resource constraints in the region, the programme administers the China-Pacific Islands Forum scholarship scheme and the Taiwan/ROC–Pacific Islands Forum scholarship scheme. The Secretariat manages the advertising and assessment for the China-Pacific Islands Forum scholarship scheme. Under the Taiwan/ROC-PIF Scholarship, the Secretariat manages and oversees the operations of the scheme, including providing pastoral care to recipients. The 2010 Taiwan/ROC-PIF scholarship MOU between the Secretariat and the government of Taiwan/ROC was signed on 7 October 2010.

The programme is also tasked with facilitating the annual Taiwan/ROC-Forum Countries Dialogue.

### **Social Policies**

The development of the social sectors within the Forum islands countries during the year, continued to focus on general education, promoting the rights and inclusion of persons with disabilities, and protection, promotion and empowerment of women for full participation in all facets of national development. The Social Policy Unit worked also together with other major partners such as SPC, WHO and UNICEF in promoting developments in the health sector.

The Forum Education Ministers met in Papua New Guinea in October 2010 and deliberated closely on the implementation strategy of the Pacific Education Development Framework (PEDF) which they endorsed in their meeting in Tonga in 2009. The PEDF provides a broad framework for the continued development of education in the region, classified into broad education subsectors with a number of cross-cutting themes. The inclusion of the cross cutting themes is a response by the education sector to the call within the region to create greater awareness amongst the people of the region to issues that are beginning to affect their very livelihood and sustenance. Such issues include HIV/AIDS, Climate Change and Sustainable Development, Indigenous Language and Culture and Poverty. It is accepted that the education sector has an important role in creating awareness especially amongst the younger future generation, of such phenomena and how they will affect their future and the future of their countries.

In response to the Leaders' decision in 2009, the Programme participated in a Food Security Summit in Port Vila in 2010. This Summit endorsed the Regional Food Security Action Plan for the Pacific which has been endorsed by the Leaders in their 2010 Leaders meeting.

The Programme continued its focus on the Action Plan for the implementation of the Regional Strategy on Disability approved in Rarotonga, Cook Islands in 2009 by the Forum Ministers responsible for Disability Issues. As a result of this work, the Australian Foreign Affairs





Minister announced in 2010 a funding commitment of AUD\$2 million towards the implementation of the Action Plan.

As part of its ongoing commitment to address disability concerns in the region, the Programme has collaborated with development partners to facilitate capacity building workshops on the Convention on the Rights of Persons with Disabilities for Self Help organizations from Pacific Island Countries in PNG, FSM, Samoa, Tonga, Kiribati and Fiji.

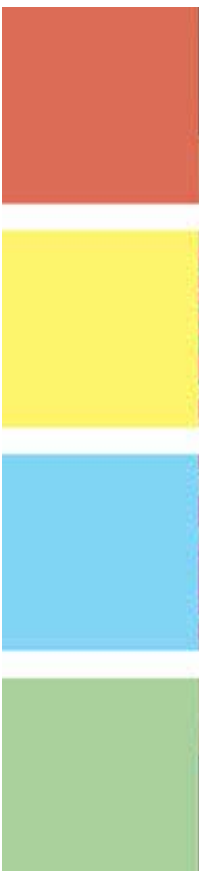
Drawing on the informal coordination arrangements in place with the Pacific Disability Forum (PDF) and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), the Programme has participated at the High Level inter governmental meeting on inclusive development issues in the Asia Pacific region.

To advance the development and promotion of gender issues the Programme has worked together with the Smaller Island States (SIS) and with other development partners to consider and endorse a SIS Action Plan on Political Empowerment of Women. The Action Plan was endorsed by the countries for implementation. Assistance was also provided in the convening of the 11th Triennial Conference on Pacific Women in Noumea in 2010.

### **Smaller Island States (SIS) Issues**

The special interests and development challenges facing Smaller Island States (SIS) of the Forum has continued to be accorded special treatment by the Secretariat. In acknowledgement of the unique special challenges facing the SIS, the Programme has established the Smaller Island States Programme Unit to implement the Forum Leaders' decision to "develop new initiatives and advocate for the needs of Smaller Island States, particularly given their limited capacity, fragile and vulnerable environment, including to climate change."

In 2010, the Unit in collaboration with SIS member Governments appointed SIS Pacific Plan Desk Officers in the Cook Islands, Nauru, Palau, Republic of the Marshall Islands and Tuvalu. In supporting sub-regional efforts to ensure maximum economic returns for SIS,





the Government of the Republic of the Marshall Islands joined the Pacific Petroleum Project in 2010 through the signing of the MOU. In addressing shipping issues in Smaller Island States, the Unit worked closely with the Secretariat of the Pacific Community (SPC) in the establishment of the Central Pacific Shipping Commission with the main objective to improve and ensure cost effective shipping services to its member countries including: Nauru, Kiribati, Palau, Republic of the Marshall Islands and Tuvalu. The SIS Development Fund continued to provide a facility to support development initiatives by SIS. SIS has provided considerable support to the implementation of the Forum Compact in 2010, with six SIS reporting on the status of their national development plans and two being peer reviewed – Nauru and Kiribati.

The Unit continues to provide secretariat support to the annual SIS Leaders and Officials meetings with a view to facilitate SIS caucused perspectives to inform the Forum Leaders meetings and their decisions.

### **Sustainable Resources Management**

During the year, the Secretariat has been increasingly required by Leaders to play a leadership role in coordinating regional responses to cross cutting resource management issues such as climate change and ocean related policy issues.

The Port Vila Declaration and the Leaders Communiqué requested significant action on improving access to and management of climate change resources for the region. In addition, Leaders reiterated the critical importance of ensuring the sustainable development, management and conservation of the ocean. To this end they endorsed the draft Framework for a Pacific Oceanscape and strongly encouraged continued Forum leadership and regional cooperation and tasked CROP agencies to implement the Framework in partnership with other relevant organisations.

This direction, which has been consistently growing over the last couple of years, has provided the basis for the Secretariat to review





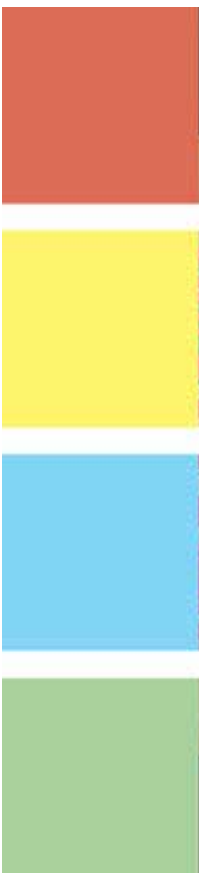
and strengthen its role in sustainable resource management and associated strategic policy advice. In 2010 the Programme was actively engaged in developments relating to climate change resourcing, specifically in terms of development partner policy and coordination. This has largely been through the establishment of the CROP Executives Sub-Committee on Climate Change and work the Secretariat is undertaking to develop an options paper on improved access to and management of climate change resources for Leaders eventual consideration in 2011. The Programme has also played a role in reviving the CROP Marine Sector Working Group which had been tasked to coordinate the development of the Oceanscape initiative and facilitate its implementation. The Secretariat was represented at the Global Oceans Conference in 2010 and provided advocacy on behalf of the region for Pacific Ocean matters and its link to the sustainable development of SIDS in relation to the MSI+5.

The Programme is currently recruiting a Natural Resources Adviser to coordinate some of this work.

### **CROP Coordination**

The Secretariat through the Programme has continued to provide the overarching coordination role for CROP. The CROP mechanism has evolved over time and particularly as the Pacific Plan implementation has changed the nature of regional institutional architecture. The programme supports the strengthening of CROP coordination and advice on the development and implementation of regional policy and has reported on the implementation of the Pacific Plan.

This work has involved coordination of the CROP Executives Meetings, establishment and secretariat support to the CROP Executives Sub-Committee on Climate Change and monitoring the work of the CROP working groups and other regional partnerships they are engaged with. The Programme has also led the implementation of the CROP Heads decisions as it relates to coordination of membership participation, the reports to CROP on key decisions and has continued to provide logistical support to the Chair of CROP.





### **Public Affairs Unit**

The Secretariat's communications and media engagement and coordination are undertaken through the Public Affairs Unit. The Unit has continued to implement the Secretariat's Communications Strategy, to publicise Forum Leaders' decisions and the activities to implement the decisions, as well as maintain a positive image of the Pacific Islands Forum and the Forum Secretariat. Work was initiated in 2010 on the formation of a Secretariat-wide Committee to organise activities to commemorate the Pacific Islands Forum 40th anniversary in 2011.

The Unit has also coordinated and implemented the Forum Media Workshop together with the Pacific Islands News Association which was held prior to the Forum Leaders' meeting in Port Vila, Vanuatu in 2010. The Unit has continued to revamp the Forum Secretariat's website, the main host for information from the Secretariat.





## CORPORATE SERVICES

*The Corporate Services programme continues to provide the support, services and infrastructure necessary for the Forum Secretariat to pursue its mission and goals. The programme attempts to reflect on best practices and universal standards aimed at improving its performance during the year. Like any organisation we are faced with challenges due to scarce resources, competition, changing environmental and stakeholders' needs which only prompt us to continue to build and develop a healthy work environment and welfare aligned towards efficiency, strengthening of communication and teamwork towards our Leaders vision and mission.*

In 2010, the Corporate Services programmes continues to provide key services in the areas of organisational development, human resources and administration, financial services, information management, information technology and property services.

The year saw the change in the Director of Corporate Services with Ms Stephane Jones who has been with the Secretariat for over six years was replaced by Mrs Leba Tikoduadua in the second half of the year.

Overall the Corporate Services team is making significant progress in implementing its Programme Strategic Plan outcomes with staff concentrating on the fulfilment of their Corporate Plan On a Page (CPOP). The CPOP tracking system was piloted by Corporate Services and enabled reporting and follow up of initiatives and progress throughout the year.

One of our major projects in the year was the teamwork focus on the review of each department's key policies aimed to build effective and efficient services to the Secretariat as a whole. These policies include the procurement system policy & procedures including tendering and consultancy contracting and process.



A significant review was directed towards the collection and development of handover notes as an important part of the 'Exit Policy & Procedures'. This is proving to be a valuable information source for institutional knowledge retention and lessons learnt from the departing staffs useful to strengthen staff approach and organisational improvement programmes.

Organisational development through delivery of training continues to take priority with a number of in-house workshops offered during the year covering such areas as leadership, mentoring and team-building trainings and exercises.

The CROP partnership programme continues with the harmonisation of programmes and systems of the participating agencies through the work of the CROP working group on remuneration harmonization. One of the major projects of the working group is harmonising the group's HR information system (HRIS). The team developed the terms of reference for the systems which was approved by the CROP Executives and the work tendered and awarded at the start of 2011 and included in the working groups' future work plan.

Another key CROP harmonisation initiative was the review of job banding across all agencies which was supported by FOC for the Secretariat to carry out. The results of the job banding exercise resulted in the restructuring of the CROP harmonised salary structure. The new salary structure included 18 salary bands with bands 1 to 7 reserved for positions advertise locally (PAL) and bands 8 to 18 are positions advertised internationally (PAI). The first phase of the initiative was the release of the results of the job banding exercise where positions were grouped together as job families and fixed to related positions and salary ranges to the maximum of 120% of the range. FOC in its annual meeting in 2010 approved the implementation of the new salary structure to start on 1st January, 2011. In preparations for the implementation of the new salary structure staff raised some issues concerning the placement of their positions on the new salary structure. In response to the staff concerns, Senior Management considered agreed to undertake a review of those concerns to ensure fairness and equity in the implementation of the new salary structure.



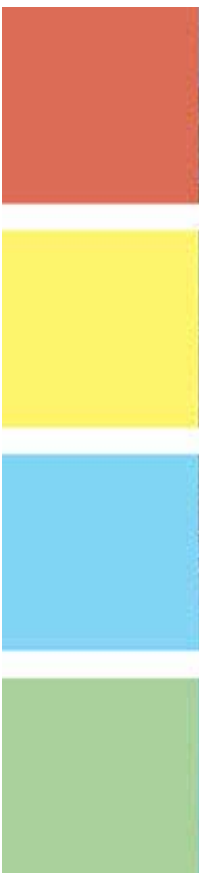
Another initiative is the CROP Libraries, Archives and Information Management CLAIM as a CROP Working Group given their potential shared benefits regional wise which is slowly gaining momentum.

Much development work was done by the Corporate team to build the Secretariat's new intranet site to facilitate corporate services 'one stop shop' platform for staff with a view to incorporating other programme policies, templates and news. The intranet features all the Secretariat policies, personnel forms, Library & Registry (IM) database, templates developed over the years to date and other pages such as galleries and newsletters.

For Financial services policy and procedures supporting the issue of Credit Cards for specific employees were approved and implemented to enhance the support services to the Secretariat's staff involved in core meetings and travel supporting regional projects and programmes and has improved our customer services and eased the procurement process. The 2010 Annual Financial Audit was carried out and the report is enclosed together with its standard relevant notes. Key change included the treatment and presentation of the Pacific Environment Community (PEC) income in 2010 which was agreed to be spread out over the life of the project towards required international reporting standards.

Developments within our Information Technology both internally and externally continue to be our feature with the organisation wide PC Desktop and Laptop upgrade to Windows 2007. In addition an internet upgrade from 512Kbps to 8Mbps was a welcomed service and upgrading of telecommunication services to mobiles having access to outlook and web services although had some connectivity downtimes, it further extended communications opportunities, information and business continuity for Secretariat.

Our Properties department managed to complete the implementation of appropriate recommendations of the 2008 Property Services Review as well as a review of the joint 2009 CROP Information Services Review which led to the recruitment of two additional staff to carry out the





functions of the Information Management (IM) office. Joint work between properties and IM in the safekeeping of vital records resulted in locating a new archives space which was constructed towards the end of the year.

OHS compliance continued to be the Property Services Team focus and closely adhered to in the maintenance programmes such as the upgrading of gardens with a new green house and works on the Ryoichi Jinnai Conference Centre and a staff quarters. The team's Facilities Management Plan has commenced developing its Facilities Management Plans to refine its general operational services, infrastructure and establishment of emergency and disaster recovery management plans and procedures.

Overall Corporate Services continued to consolidate its work in supporting the Secretariat developed its strategic planning documentation as the programme strategic plans due to end in 2011 and the corporate plan due for renewal at end of 2012. It also need to progress work on a risk management framework, a monitoring and evaluation framework and other key strategic matters approved for ongoing improvements and necessary to enhance efficiency and effectiveness of the Secretariat's operations as well as establish good governance and provide for transparency, manage controls that maintain the Secretariat's high standing and committed to the Leaders' vision and stakeholders at large.



# AUDITED FINANCIALS 2010

FOR THE YEAR ENDED  
31 DECEMBER 2010



## PACIFIC ISLANDS FORUM SECRETARIAT

*Excelling Together for the People of the Pacific*

### Secretary General's Statement

I am pleased to present the Secretariat's consolidated financial statements and independent auditor's report for the year ended 31 December 2010.

During the year, we expended FJD37M compared to budgeted expenditure of FJD44M, while our total cash holdings at year end amounted to FJD130M.

I remain conscious of the responsibility entrusted to the Secretariat by Members of the Pacific Islands Forum, and by our development partners, to manage such a substantial level of funding. I therefore reaffirm our commitment to ensure that these financial statements provide an accountable and transparent summary of the Secretariat's financial activities for the 2010 financial year.

In my opinion:

- (a) the accompanying general fund statement of comprehensive income is drawn up so as to give a true and fair view of the results of the Secretariat for the year ended 31 December 2010,
- (b) the accompanying consolidated statement of financial position is drawn up so as to give a true and fair view of the state of the Secretariat's affairs as at 31 December 2010,
- (c) the accompanying consolidated statement of changes in funds is drawn up so as to give a true and fair view of the movement in funds of the Secretariat for the year ended 31 December 2010, and
- (d) the accompanying consolidated statement of cash flows is drawn up so as to give a true and fair view of the cash flows of the Secretariat for the year ended 31 December 2010.

Dated at Suva this *26<sup>th</sup>* day of *April* 2011

**Tuiloma Neroni Slade**  
Secretary General



Suva Central  
Renwick Road  
Suva

PO Box 32  
Suva  
Fiji Islands

Telephone (679) 330 1155  
Fax (679) 330 1312  
Email suvaoffice@kpmg.com.fj

## Independent auditor's report to the members of the Pacific Islands Forum

We have audited the accompanying financial statements of Pacific Islands Forum Secretariat (the Secretariat) which comprise the consolidated statement of financial position as at 31 December 2010, and the general fund statement of comprehensive income, consolidated statement of changes in funds and consolidated cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 19.

### Members' and Management's Responsibility for the Financial Statements

The Secretariat is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the members and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Secretariat as at 31 December 2010 and of its financial performance, its changes in funds and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

In our opinion,

- i) proper books of account have been kept by the Secretariat, so far as it appears from our examination of those books;
- ii) the financial statements are in agreement with the books of account; and
- iii) to the best of our information and according to the explanations given to us the financial statements give the information required by the Secretariat's financial regulations in the manner so required.

Suva, Fiji Islands

26 April, 2011

KPMG  
Chartered Accountants

# GENERAL FUND STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2010

|   | Note | 2010 Revised Budget | 2010 Actual      | 2009 Actual      |
|---|------|---------------------|------------------|------------------|
|   |      | FJD                 | FJD              | FJD              |
| <b>Income</b>                           |      |                     |                  |                  |
| Contributions from Members              | 2    | 3,502,979           | 3,502,979        | 3,502,979        |
| Interest                                |      | 812,506             | 719,937          | 363,187          |
| Other Income                            | 3    | 198,719             | 287,863          | 704,565          |
|   |      | <u>4,514,204</u>    | <u>4,510,779</u> | <u>4,570,731</u> |
| <b>Expenditure</b>                      |      |                     |                  |                  |
| Economic Governance                     | 4(a) | 125,221             | 117,780          | 94,505           |
| Political Governance and Security       | 4(b) | 96,457              | 89,796           | 86,037           |
| Strategic Partnerships and Coordination | 4(c) | 62,268              | 43,109           | 449,857          |
| Corporate Services                      | 4(d) | (6,430,578)         | 257,037          | 2,476,687        |
| Management of the Secretariat           | 4(e) | 2,279,208           | 2,209,736        | 1,910,634        |
|   |      | <u>(3,867,424)</u>  | <u>2,717,458</u> | <u>5,017,720</u> |
| Transfer to Trust Fund                  |      |                     | (101,272)        | (260,000)        |
| Foreign Exchange Gain                   |      | 692,381             | 869,258          | 2,479,014        |
|   |      |                     | <u>-</u>         | <u>-</u>         |
| Other Comprehensive Income              |      | -                   | -                | -                |
| Surplus of Income over Expenditure      |      | 9,074,009           | 2,561,307        | 1,772,025        |

This statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 7 to 19 of the full Consolidated Financial Statement posted on the PIFS website: [www.forumsec.org](http://www.forumsec.org).



**PACIFIC ISLANDS FORUM SECRETARIAT**

*Excelling Together for the People of the Pacific*

**Consolidated Statement of Financial Position**

**As at 31 December 2010**

|  | Note | 2010 Actual<br>FJD | 2009 Actual<br>FJD |
|--|------|--------------------|--------------------|
| <b>Current Assets</b>                          |      |                    |                    |
| Cash and Cash Equivalents                      | 5    | 130,009,847        | 145,566,737        |
| Inventories                                    | 6    | 17,256             | 10,056             |
| Receivables – Members                          | 7    | 315,861            | 187,679            |
| Other receivables and prepayments              | 8    | 513,000            | 329,533            |
| <b>Total Current Assets</b>                    |      | <u>130,855,964</u> | <u>146,094,005</u> |
| <b>Non-current Assets</b>                      |      |                    |                    |
| Property, plant and equipment                  | 9    | 7,857,483          | 8,147,156          |
| Intangible assets                              | 10   | 169,784            | 189,023            |
| <b>Total Non-current Assets</b>                |      | <u>8,027,267</u>   | <u>8,336,179</u>   |
| <b>Total Assets</b>                            |      | <u>138,883,231</u> | <u>154,430,184</u> |
| <b>Current Liabilities</b>                     |      |                    |                    |
| Current Payables                               | 11   | 1,603,077          | 3,223,238          |
| Contributions Received in Advance – Trust Fund | 12   | 116,966,204        | 140,034,318        |
| Deferred Income – General Fund                 | 13   | 2,274,305          | -                  |
| <b>Total Current Liabilities</b>               |      | <u>120,843,586</u> | <u>143,257,556</u> |
| <b>Non-current Liabilities</b>                 |      |                    |                    |
| Deferred Income – General Fund                 | 13   | 4,548,609          | -                  |
| <b>Total Liabilities</b>                       |      | <u>125,392,195</u> | <u>143,257,556</u> |
| <b>Net Assets</b>                              |      | <u>13,491,036</u>  | <u>11,172,628</u>  |
| <b>Accumulated and Reserve Funds</b>           |      |                    |                    |
| General Fund                                   |      | 4,543,144          | 2,851,095          |
| Exchange Translation Reserve                   |      | 2,967,359          | 2,098,101          |
| Capital Reserve                                |      | 5,980,533          | 6,223,432          |
| <b>Total Accumulated and Reserve Funds</b>     |      | <u>13,491,036</u>  | <u>11,172,628</u>  |

For the Pacific Islands Forum Secretariat

Tuiloma Neroni Slade  
Secretary General

Leba Tikoduadua  
Director Corporate Services

This statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 7 to 19.

# CONSOLIDATED STATEMENT OF CHANGES IN FUNDS

For the Year Ended 31 December 2010

|  | 2010 Actual | 2009 Actual |
|--|-------------|-------------|
|  | FJD         | FJD         |
| <b>General Fund</b>                      |             |             |
| Balance at the Beginning of the Year     | 2,579,310   | 2,905,386   |
| Transfer from Reserve Fund               | 271,785     | -           |
| Surplus of Income over Expenditure       | 2,561,307   | 1,772,025   |
| Transfer to Exchange Translation Reserve | (869,258)   | (2,098,101) |
| Balance at the End of the Year           | 4,543,144   | 2,579,310   |
| <b>Exchange Translation Reserve</b>      |             |             |
| Balance at the Beginning of the Year     | 2,098,101   | -           |
| Transfer from General Fund               | 869,258     | 2,098,101   |
| Balance at the End of the Year           | 2,967,359   | 2,098,101   |
| <b>Reserve Fund</b>                      |             |             |
| Balance at the Beginning of the Year     | 271,785     | 266,456     |
| Surplus of Income over Expenditure       | -           | 5,329       |
| Transfer to General Fund                 | (271,785)   | -           |
| Balance at the End of the Year           | -           | 271,785     |
| <b>Capital Reserve</b>                   |             |             |
| Balance at the Beginning of the Year     | 6,223,432   | 6,518,385   |
| Purchase of Trust Fund Assets            | 31,637      | 6,760       |
| Depreciation Expense                     | (274,536)   | (301,713)   |
| Balance at the End of the Year           | 5,980,533   | 6,223,432   |

This statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 7 to 19 of the full Consolidated Financial Statement posted on the PIFS website: [www.forumsec.org](http://www.forumsec.org).

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

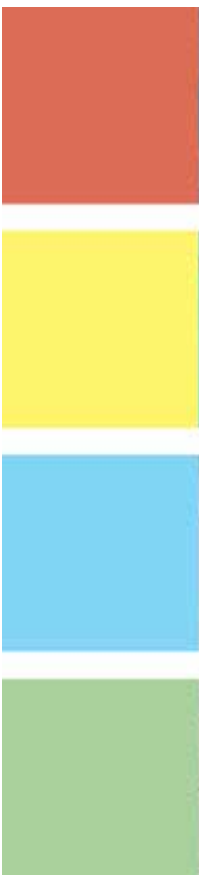
|   | Note | 2010 Actual         | 2009 Actual        |
|---|------|---------------------|--------------------|
|   |      | FJD                 | FJD                |
| <b>Cash Flow from Operating Activities</b>                      |      |                     |                    |
| Contributions from Members                                      |      | 3,597,761           | 3,456,022          |
| Trust Fund Income   |      | 18,730,606          | 151,046,887        |
| Programme and Project Costs                                     |      | (33,609,830)        | (21,506,254)       |
| Other Operational Costs   |      | (4,180,099)         | (3,454,578)        |
| Interest Received   |      | 700,404             | 269,926            |
| Rent and Other Income   |      | 7,270,068           | 515,139            |
| Realised Exchange Gain (Loss)                                   |      | (42,377)            | 300,321            |
| <b>Net cash flow (used in)/provided by operating activities</b> |      | <b>(7,533,467)</b>  | <b>130,627,463</b> |
| <b>Cash Flow from Investing Activities</b>                      |      |                     |                    |
| Proceeds from Sale of Property, Plant and Equipment             |      | 35,104              | 1,914              |
| Payments for Property, Plant and Equipment                      |      | (336,629)           | (668,841)          |
| (Loans to) Repayment from Related Parties                       |      | (1,548)             | 21,057             |
| <b>Net cash flow (used in) investing activities</b>             |      | <b>(303,073)</b>    | <b>(645,870)</b>   |
| <b>Effect on Exchange Rate Changes</b>                          |      | <b>(7,720,350)</b>  | <b>4,234,146</b>   |
| <b>Net (Decrease)/Increase in Cash Held</b>                     |      | <b>(15,556,890)</b> | <b>134,215,739</b> |
| Cash at the Beginning of the Year                               |      | 145,566,737         | 11,350,998         |
| <b>Cash at the End of the Year</b>                              | 5    | <b>130,009,847</b>  | <b>145,566,737</b> |

This statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 7 to 19 of the full Consolidated Financial Statement posted on the PIFS website: [www.forumsec.org](http://www.forumsec.org).

# NOTES



# NOTES







**PACIFIC ISLANDS FORUM SECRETARIAT**

*Excelling Together for the People of the Pacific*

Ratu Sukuna Road | Muanikau | Suva | Fiji [www.forumsec.org](http://www.forumsec.org)