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."
PACIFIC ISLANDS FORUM
40th Anniversary 1971-2011
CELEBRATIONS
This has been a milestone year with the Pacific Islands Forum celebrating 40 years of existence. The Forum has grown from its pioneering beginnings when the Leaders of Australia, the Cook Islands, Fiji, Nauru, New Zealand, Samoa and Tonga met in Wellington in August 1971 with the vision for a region with a common purpose and shared Pacific identity, to the premier regional political organisation that it is today.

To commemorate the historic occasion, several regional and national activities were organised by a Committee at the Secretariat during the year culminating in a display of works of art by school children from around the region on their vision for the region in the next 40 years. A significant activity was the 40th Anniversary Pacific Forum Leaders’ Lecture Series featuring the Prime Ministers of New Zealand, Samoa and Vanuatu in their challenging and thought-provoking lectures on “Pacific Regionalism: Past, Present and Future”. The Forum Leaders’ Lecture Series presented an important opportunity not only to celebrate the region’s efforts and endeavours to date, but also to seek from our Leaders their insights and further guidance on the way forward. The Forum Leaders reaffirmed the importance of the Pacific Plan as the master strategy for sustainable regional development and integration.

At the 42nd Pacific Islands Forum held in Auckland, New Zealand, in September 2011, another historic milestone was achieved when the Secretary-General of the United Nations Ban Ki-moon became the first UN Secretary General to attend a Pacific Islands Forum. The UN Secretary General’s presence during the Forum’s 40th anniversary year was a fine and warranted gesture of recognition of the Forum and its

“The Forum Leaders reaffirmed the importance of the Pacific Plan as the master strategy for sustainable regional development and integration.”
leadership and role both regionally and internationally, and its vast array of endeavours for economic growth, sustainable development, environmental protection, good governance and peace and security through regional cooperation in the Pacific. The Joint Statement issued at the end of the meeting between the Forum Leaders and the UN Secretary General emphasised the value of a long-standing relationship of mutual effort and cooperation between the UN system and the Pacific Islands Forum and its associated institutions, and an agreement to consider ways to further strengthen this relationship.

At the 42nd Forum session, the Leaders endorsed the Waiheke Declaration on Sustainable Economic Development which provides a fresh mandate for the region to focus its efforts on the productive sectors where the Pacific has a comparative advantage, in particular, tourism, fisheries, agriculture and mineral resources. The Leaders also agreed to focus on effective means of tackling climate change, increasing prospects for trade integration, prompt responses to the rise and impact of non communicable diseases, increased attention to youth development and unemployment, and the special importance of safeguarding and sustaining the region’s oceans and resources.

During 2011, the Forum Secretariat continued to coordinate the implementation of the Pacific Plan endorsed by Forum Leaders in 2005. The Pacific Plan 2011 Annual Progress Report was the sixth and the most substantial to date. The Plan continues to be well supported by all Forum member countries and agencies of the Council of Regional Organisations in the Pacific (CROP). Early in 2012, the Secretariat will start reviewing the priorities of the Plan endorsed by Leaders for 2009-2012. To ensure that the Plan remains a “living document”, the Secretariat, with the support of members and the CROP agencies will implement a performance framework to better advise Leaders on how the priorities are being executed.

Implementation of the Cairns Compact on Strengthening Development Coordination in the Pacific (Forum Compact) continued during the year with the completion of two reports – the 2011 Tracking the Effectiveness of Development Efforts in the Pacific Report and the 2011 Pacific Regional Millennium Development Goals (MDGs) Tracking Report. Leaders endorsed both reports at the 42nd PIF in Auckland. Three peer reviews were conducted in Niue, Tuvalu and Vanuatu under the
Forum Compact during the year, bringing to a total of five countries which have been peer reviewed since the Compact was endorsed by Leaders in 2009. Evidence and experience gathered during the implementation of the Forum Compact was showcased as part of the coordinated regional position at the 4th High Level Forum on Aid Effectiveness held in Busan, Republic of Korea, in November/December 2011.

Regional security issues including transnational organised crime, border management, and counter-terrorism as well as human security, human rights, and governance issues continued to occupy the agenda of the Forum Regional Security Committee (FRSC) during 2011. The FRSC submitted to the Forum Leaders a report, the first of its kind, on the old standing but increasingly dangerous state of unexploded ordnances from World War II in some of the Forum member countries. The Secretariat is working together with other agencies to secure assistance from development partners to, among other benefits, clear the unexploded ordnances making the land safe for development. At the 5th meeting of the Forum Ministerial Standing Committee (FMSC) on the Regional Assistance Mission to Solomon Islands (RAMSI) the Solomon Islands Government and RAMSI began discussing the transition or drawdown of the Mission noting the success so far in the implementation of the Partnership Agreement between the parties.

Trade and economic issues also featured prominently on the work of the Secretariat during 2011. There was marked progress during the year toward preparations for reaching a conclusion of the negotiation with the European Union on a comprehensive Economic Partnership Agreement (EPA). Negotiations of PACER Plus and PICTA also continued, with good progress being made toward a conclusion of the PICTA Trade in Services Agreement. Reforms undertaken in Pacific Islands Trade and Invest (PTinI) Offices were consolidated in 2011, and the first full year of quantitative reporting by the Auckland, Beijing and Sydney Offices was completed. Forum Economic Ministers met during the year to discuss economic issues under the theme “Broadening the Economic Base.” They committed to a range of national and regional actions to generate growth to improve the well-being of the people of the region, and agreed to continue to improve public service delivery and the allocation of resources to assist the development of both public and private sectors.

The Secretariat’s Corporate Services maintained its contribution to the effectiveness of the organisation’s service delivery both to staff and member countries. During the year, the Secretariat reviewed its strategic planning framework and formulated three year Programme Strategic Plans for 2012 – 2014. A mid-term review and refresh of the Secretariat’s Corporate Plan 2008 – 2012 was also undertaken. Organisational development through training opportunities continues to be a priority for the Secretariat with a number of workshops and in-house training organised during the year. This included leadership workshops with mentoring and ethics sessions. A new salary banding model approved by the Forum Officials Committee in 2009 was also implemented at the beginning of the year.

With the ever increasing mandates from the Forum Leaders, achievements of the Secretariat during 2011, which have been outlined in this Report, would not have been possible without the support of the member countries, the senior management team and all of the staff. My special commendation also goes to my colleague Heads of the CROP agencies, for their support in the implementation of the priorities of the Pacific Plan. I also wish to congratulate the region’s development partners for their consistent belief in the development aspirations of the people of the region through their support for the various activities of the Forum Secretariat in the implementation of the Leaders’ mandates. The challenges for the region in the years ahead will continue to multiply, but I am confident that the Forum as the premier regional political organisation and its Secretariat will be equal to those challenges with the continued support from the member countries, CROP agencies and the region’s development partners.

Tuiloma Neroni Slade
Secretary General
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.


The annual Forum meetings are chaired by the Head of Government of the Host Country (currently New Zealand), 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 10 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)
- Pacific Aviation Safety Office (PASO)

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. There is also a Pacific Plan Desk Officer in Vanuatu. 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.
The Political Governance and Security (PG & S) Programme, in consultation with members, identifies challenges to the stability and security of members and the region, and provides policy advice and technical assistance (both coordination and selective direct assistance) to respond to the challenges. Central 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.

SECURITY

Forum Regional Security Committee

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 2011 meeting of the FRSC was held in Suva at the PIFS Headquarters from 2 to 3 June. Key outcomes included deliberations on the key findings of the annual Pacific Transnational Crime Assessment, and discussions 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 a range of priority regional and national security issues, including consideration of work undertaken in respect of the United Nations Human Rights Council Universal Periodic Review, as well as reporting on Programme activities under the Forum’s Biketawa Declaration.

Regional Inter-agency Cooperation

The Programme works actively to ensure that the FRSC has strong support from key regional law enforcement and border agencies as well as other regional and international stakeholders. The PG&S Programme collaborates closely with the region’s specialist law enforcement and border agencies to 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 (PLION), Pacific Transnational Crimes Network (PTCN), the Secretariat of the Pacific Community (SPC) Economic Development Division, and the Pacific Islands Forum Fisheries Agency (PIFFA).
These regional agencies and their Secretariats constitute the core membership of Working Groups that are often formed on an ad hoc basis to implement law enforcement related FRSC decisions. In 2011, 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. The Programme coordinated and convened in March 2011 the annual Pre-FRSC meeting of these partner agencies, to consolidate the Pacific Transnational Crimes Assessment and identify key concerns and recommendations for the 2011 FRSC, including on organised crimes, commercial fraud, and data collection. 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 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), and 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 2012 on practical initiatives for strengthening information management at both national and regional levels.

The Working Group continued to work closely with the PIFFA 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. At their meeting held in July 2010, the Pacific Law Enforcement and Fisheries Ministers agreed that the Programme, including through Working Group deliberations, should examine how law enforcement agencies can best access and utilise fisheries’ information, and 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. The Niue Treaty Subsidiary Agreement Drafting Group met in August 2010 and
March 2011. The Secretariat provided support on wider law enforcement issues to both meetings, and continued to liaise with the PIFFA Secretariat in coordinating the activities of the Drafting Group with that of the WGSIM.

Small arms and light weapons (SALW) 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 worked 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 adopted in 2001 (UN PoA). The Regional Implementation Guidelines that was endorsed at the 2010 FRSC meeting provided a mechanism for the Programme and regional and international stakeholders to coordinate resources to support Members in implementing the UN PoA. The Secretariat had identified several constraints faced by Members in implementing their commitments under the UN PoA, which inter alia, included: (a) limited resources; (b) competing priorities; (c) limited effective national coordination of SALW activities; and (d) lack of national contact points.

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 progress the directions provided by the 2010 FRSC, the Programme in 2010 and 2011 continued its work with the PICP and PIDC Secretariats (the Joint Secretariats) to advance a coordinated strategy for Forum Island Countries to address this issue. It was identified that most of the issues faced by affected Forum Island Countries could be resolved by assisting jurisdictions to: (a) ensure there was adequate coordination amongst Government agencies in managing the potential threat of criminal deportees at the pre-deportation, arrival and rehabilitation reintegration stages; (b) develop data and information systems to support policy development and law enforcement activities; and (c) identify or establish effective structures and mechanisms in FICs to provide rehabilitation and reintegration support for 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 (WGCT). 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. A Ready Pasifika II Counter Terrorism Exercise was held in conjunction with the meeting of the WGCT in Auckland in May 2011. Country reports presented by members at the WGCT meeting provided an opportunity for Forum countries to examine and discuss national counter terrorism priorities. The Ready Pasifika II exercise was a...
timely follow on from the original Ready Pasifika Exercise held in 2005 given changes to the international counter terrorism environment in the intervening years.

**Assistance with Honiara and Nasonini Declarations legislation**

The Programme, as part of ongoing work, continued 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 necessary work required to put into action the FRSC recommendations with regard adoption of the Model Law have been slow, the Programme appreciates that such legislation has to compete with other priority domestic legislation. Assistance was also 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 of assistance 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 Issues 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**

The Leaders’ decisions on Fiji’s suspension from participation in Forum meetings and its ineligibility to receive new Forum financial and/or technical assistance, other than assistance towards the restoration of democracy, was re-affirmed at the Auckland Forum in September 2011.

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 other international organisations like the United Nations and the Commonwealth Secretariat. The MCG met on 14 February 2011 in Port Vila, Vanuatu where it discussed developments in Fiji, including, and as requested by Leaders at their 2010 Port Vila Forum Meeting, matters relating to Fiji’s participation in regional trade and economic processes and deliberations, including PACER Plus negotiations. The MCG was advised by Fiji’s representative at the meeting that Fiji accepted the 2009 Forum Leaders’ decision on Fiji, and also confirmed Fiji’s willingness to invite the MCG to visit Fiji in the near future. Unfortunately, due to scheduling difficulties, a visit by the MCG to Fiji was not undertaken in 2011.

Leaders at their meeting in Auckland called for a visit of the MCG to take place as soon as possible, involving meetings with a range of stakeholders and tasked the MCG to continue dialogue and engagement with Fiji and report to the next Leaders’ meeting.

**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 30 June 2011 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 Auckland in September 2011, commended the continuing strong leadership and commitment of the Solomon Islands Government and RAMSI, and welcomed the spirit of cooperation being shown under the SIG-RAMSI Partnership Framework, and noted the critical importance of maintaining the regional character of RAMSI during its transition phase. 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 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 six case study countries for the Marginalised Pacific Youth Involvement in Crime and Violence project, with relevant policy and programming recommendations presented to the 2011 FRSC for endorsement. In welcoming the 2011 Urban Youth in the Pacific: Increasing Resilience and Reducing Risk for Involvement in Crime and Violence report prepared by the Forum Secretariat and the UNDP, Forum Leaders at their meeting in Auckland acknowledged the need for greater action in mainstreaming youth issues nationally and regionally, increasing employment and other meaningful opportunities for youth, and including the voice of youth in decision making. They endorsed the Key Guiding Principles contained in the report, and also commended ongoing and complementary work in the region on youth and conflict issues, including the recent Wansolwara Youth Peace-building Conference and the important matters highlighted in their Statement.

Work on women, peace and security was further progressed in 2011. The FRSC at its 2011 meeting welcomed the establishment of the Pacific Regional Working Group on Women, Peace and Security, recognising the importance of UN Security Council Resolutions 1325 and 1820 in addressing the key role women play across the entire scope of peace and security activity, and encouraged the Secretariat to continue its support of the work of the Pacific Regional Working Group on Women, Peace and Security. The Committee also supported the preparation of a Regional Action Plan on Women, Peace and Security and undertook to consider at its 2012 FRSC meeting how this might be best taken forward for the consideration of Forum Leaders.

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. The Programme continued to collaborate with the UNDP Pacific Centre to map out key security sector issues and provide recommendations to assist members, at their request, in developing cohesive national security policies.

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 destabilising factor for communities and societies. The 2010 Forum Regional Security
Committee endorsed the establishment of a Sexual and Gender Based Violence Reference Group to assist in implementing the Leaders’ commitment 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 Group undertook in-country consultations in Tonga and Kiribati in 2011. At their meeting in Auckland, Leaders acknowledged and commended the valuable work of the Reference Group towards meeting their 2009 commitment.

The Programme continued to facilitate dialogue and policy exchanges with civil society organisations (CSOs), with a focus on key meetings in March and December 2011, 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 into policy making.

Election Observation

On behalf of the Forum Secretariat, the Political Governance and Security 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. The Forum Secretariat arranged and provided Forum election observation teams to elections held in Samoa in March 2011, and in Niue in May 2011. The reports of the election observation missions are provided to all Member countries, and also published, as appropriate, on the Forum Secretariats’ website.

Nuclear and Disarmament Issues

The Programme also provides advice and support to members on global security, and disarmament 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, the Programme 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 in 2011 continued to liaise closely with Members and their diplomatic missions in New York on the preparation of relevant statements relating to nuclear and disarmament issues.

With regard to nuclear shipments, contact was maintained in 2011 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, including the United Nations.
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. Work relating to the scoping study continued in 2011, and a report will be produced in 2012 for Members’ consideration.

Legal Drafting

Overall strengthening of the legislative drafting capacity of Pacific Island legal drafters, through the Legislative Drafting Officer, 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 2011 included providing technical assistance to the Professional Diploma in Legislative Drafting course offered by the University of the South Pacific and sponsoring various students on that course. Other key activities included ongoing implementation of the Pacific Action Plan on Sustainable Capacity for Legislative Drafters in the Pacific, and facilitating pairing and twining arrangements between Pacific Island Countries Law Drafting Offices and Australian and New Zealand Law Drafting Offices.

Governance

The work of the Governance Adviser in the Programme continued to raise the profile of governance work, consistent with Governance being one of the four pillars of the Pacific Plan. The good governance programme 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 programmes involved 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 2011 through AusAID’s Pacific Leadership Programme.

Key activities undertaken in 2011 included the continuing 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, and strengthening governance through leadership practice and research. 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. Work to scope the viability of a Regional Human Rights Mechanism in the Pacific, as endorsed by the 2010 FRSC, began in 2011. The Programme, in close collaboration with SPC/RRRT, the Asia Pacific Forum for National Human Rights Institution, the Commonwealth Secretariat and AusAID, hosted a 3-day Regional Consultations on Advancing a Pacific Regional Human Rights Mechanism from 28 to 30 November 2011.

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 (UPR) to the UN Human Rights Council in Geneva in 2011. At their meeting in Auckland in September 2011, Leaders welcomed the successful participation of all Forum members in the first round of the UPR as a major regional achievement. They acknowledged the support and assistance to Members in their reporting efforts from the Forum Secretariat, the
SPC/RRRT and the UN Office of the High Commissioner for Human Rights. Leaders noted the development of this cooperation and the networks created by this activity represented an important source of human rights expertise for the entire region.

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.

INSTITUTIONAL ISSUES

Leaders’ Summits and High level meetings

The Programme plays a major role in facilitating annual Forum Leaders’ and related meetings and supporting the range of Summits and high level meetings between Leaders and key partners. In 2011, in close cooperation with the host government, New Zealand, the Programme organised the Forum Leaders meeting and related meetings in Auckland from 6 – 9 September 2011. The Programme also prepared arrangements for the Secretary General to participate in the general debate of the 66th session of the United Nations General Assembly and associated meetings in September 2011 in New York.

Associate Members and Observers

At their meeting in Auckland in September 2011, Forum Leaders approved the applications for Forum Observer status submitted by the Africa, Caribbean and Pacific Group of States (ACP Group), as well as the United States on behalf of American Samoa, Guam and the Commonwealth of the Northern Mariana Islands to become Forum Observers. This approval facilitated the participation of representatives from the ACP Group, as well as American Samoa, Guam and the Commonwealth of the Northern Mariana Islands in the Forum meetings as official Forum Observers.

Treaty Depositary Role

The Programme supports the Secretary General in his role as Depositary 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 2011, 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.
Good progress was made on a number of important initiatives during 2011. The Economic Governance Programme completed a process of focusing and consolidation of its areas of work, and strengthened budget management has resulted in more efficient and effective outcomes. A major new initiative, the Pacific Integration Technical Assistance Programme (PITAP) commenced in April with the support of the European Union (EU). This initiative will provide additional non-core staff to support the Economic Governance Programme’s work on trade policy, trade promotion and trade development in 2012.

Overall it was a very busy year for the Economic Governance Programme, with a particularly high Ministerial workload. The Economic Governance Programme took over facilitation of the Pacific ACP Leaders’ Meeting, and continued to facilitate the Private Sector Dialogue with Leader in the margins of the Forum Leaders’ Meeting in Auckland. These two activities have significantly deepened our engagement with Forum Leaders and will continue to do so in future years.

In 2010, Pacific ACP Leaders identified progress in the Economic Partnership Agreement (EPA) as a priority, and work in 2011 made substantial progress toward reaching a conclusion of these negotiations, including through two meetings of Pacific ACP Trade Ministers. Forum Trade Ministers met in Tonga to take forward their work programme on issues including the World Trade Organization agenda, the
Pacific Island Countries Trade Agreement (PICTA) and PACER Plus negotiations. Forum Economic Ministers and Forum Fisheries Ministers met in the margins of the Forum Economic Ministers’ Meeting (FEMM) and commenced a dialogue on improving revenues for fisheries, and FEMM considered matters relating to climate change financing and made recommendations to Leaders.

Negotiation of PACER Plus and PICTA continued, with good progress being made toward a conclusion of the PICTA Trade in Services Agreement. Reforms undertaken in Pacific Islands Trade and Invest (PT&I) Offices were consolidated in 2011, and the first full year of quantitative reporting by the Auckland, Beijing and Sydney Offices was completed. In partnership with agencies of the Government of New Zealand, a successful Investment Summit was held in the margins of the Forum Leaders’ Meeting.

**KEY ACHIEVEMENTS**

**Economics**

Forum Economic Ministers met in Apia, Samoa in July 2011 to discuss economic issues under the theme “Broadening the Economic Base.” Ministers committed to a range of national and regional actions to generate growth to improve the well-being of their people, and agreed to continue to improve public service delivery and the allocation of resources to assist the development of both public and private sectors. They reiterated the importance of the Forum Compact in encouraging more effective coordination of available development resources to achieve real progress against national development priorities, and reaffirmed their commitment to take leadership on Forum Compact issues. This included their agreement to provide regional oversight on reforms envisaged under the Roadmap for Strengthening Public Financial Management.

Economic Ministers met with Fisheries Ministers during the week’s programme, commencing a dialogue with the aim of maximising sustainable returns to Forum Island Countries from fisheries through a Joint Ministerial Forum. Economic Ministers agreed that additional discussion and coordination will be required for the implementation of mandates by Leaders.

Negotiation of PACER Plus and PICTA continued, with good progress being made toward a conclusion of the PICTA Trade in Services Agreement. Reforms undertaken in Pacific Islands Trade and Invest (PT&I) Offices were consolidated in 2011, and the first full year of quantitative reporting by the Auckland, Beijing and Sydney Offices was completed. In partnership with agencies of the Government of New Zealand, a successful Investment Summit was held in the margins of the Forum Leaders’ Meeting.

Forum Economic Ministers at the 15th FEMM in Apia, Samoa.
various options and modalities available to support improved management of climate change resources, at the national, regional and international levels, including an assessment of the potential benefits and challenges in their application. The Leaders welcomed the advice and required that the Secretariat advance the process in 2012 by detailing how the national and regional options could work in practice for appropriate consideration at relevant regional meetings.

In undertaking this new work, the Forum Secretariat should assess the feasibility of the options and associated risks and benefits, taking into account as appropriate, the specific capacities and needs of respective countries and the potential in possible combinations of various national and regional options.

This work allowed the Economic Governance Programme to build new capacity in the field of climate change financing mechanisms. Advice was provided to Pacific representatives on the Transitional Committee of the Green Climate Fund, and our support contributed significantly to the achievement of outcomes favourable to the Pacific at the United Nations Framework Convention on Climate Change COP17 meeting in Durban, South Africa.

Trade

Forum Trade Ministers met in Vava’u, Tonga in April 2011 to consider and make decisions on the recommendations of Forum Trade Officials on trade-related issues including the progress of PACER Plus and PICTA negotiations, the Doha Round negotiations at the WTO, trade development support provided by Pacific Islands Trade and Invest and work to strengthen the intellectual property and traditional knowledge frameworks of the region.

A meeting of PACER Plus Officials was held in Koror, Palau in March 2011, where Officials continued the negotiation of the PACER Plus arrangements, and considered common priority issues for PACER Plus as agreed by Forum Trade Ministers, with a particular focus on the rules of origin and customs procedures, trade facilitation, infrastructure for trade and regional labour mobility (beyond Mode 4).

Good progress was made toward the conclusion of the Trade in Services agreement negotiation of PICTA, with a sixth round of negotiations undertaken resulting in a recommendation that countries finalise the PICTA TIS negotiations in 2012. Seven countries have already announced that the necessary domestic arrangements have been completed to support trade under the existing PICTA trade in goods agreement, and the Economic Governance Programme has been working with the remaining seven countries to support their work at the national level regarding their engagement in PICTA trade. Work
focusing on private sector engagement to effectively benefit from PICTA trade continued in partnership with trade officials and the Pacific Islands Private Sector Organisation.

The Hub and Spokes Project continued to support work to assist countries to develop and implement national trade policy frameworks. The national trade policy framework for Federated States of Micronesia (FSM) was endorsed by Congress in January 2011 and countries including Republic of Marshall Islands (RMI), Nauru, Niue, Palau, Tonga and Vanuatu were further assisted to finalise their frameworks.

Work to strengthen the Office of the Permanent Delegation of the Pacific Islands Forum to the WTO in Geneva (the Geneva Office) continued in 2011, with a Trade Policy Officer recruited in late 2011 to join the Permanent Representative in Geneva. The Office supported Ministerial participation in two global events, the WTO Global Review of Aid for Trade in July 2011, and the Eighth WTO Ministerial Conference in December 2011. Strong Pacific representation was made at both meetings, with a special Pacific seminar held at the Global Review of Aid for Trade. While the Doha Round made little progress in 2011, the profile of the Pacific at the WTO has increased through these efforts and the completion of the accession process by Samoa and Vanuatu. Internships in the WTO Office also recommenced after a hiatus, with the first FIC WTO intern starting in September 2011.

To fulfil the direction of PACP Leaders, intensive work was undertaken in EPA negotiations in 2011. Two Ministerial meetings were held, in Samoa and Papua New Guinea respectively, and a number of workshops and Officials level meetings were held to complete the necessary technical work and prepare for the next meeting with the EC. In the second half of the year, the Secretariat submitted market access offers for seven PACP States (Cook Islands, FSM, Niue, Palau, Samoa, Tuvalu and Vanuatu) to the EC, in addition to those previously submitted by Fiji, Papua New Guinea and Tonga. In total, 10 out of 14 PACPS have now submitted their market access offers to the EC, with the other four PACPS in the advanced stages of submitting their draft offers with the exception of RMI. A revised draft legal text was also submitted, and the text and offers were discussed at an informal meeting with the EC in November. The next formal meeting with the EC is scheduled to be held in the second quarter of 2012.

**Intellectual Property and Traditional Knowledge**

The first phase of the Traditional Knowledge Action Plan was completed in 2011. Six countries (Cook Islands, Fiji, Kiribati, Palau, Papua New Guinea and Vanuatu) are now in various stages of enacting policy and legal systems protecting traditional knowledge. The Economic Governance Programme also facilitated and finalised the implementation of the Regional Trademarks Application System, an initiative of Trade Ministers to enable the approval and application of trademarks by businesses in Forum Island Countries.

**Trade and Private Sector Development**

In support of the completion of the first phase of the Traditional Knowledge Action Plan, a cultural industries development project commenced in collaboration with the Secretariat of the Pacific Community (SPC) with the aim of creating sustainable income earning opportunities and export industries in Pacific communities. The project will provide product and business development support to emerging cultural industries through SPC, and will be supported by export marketing and promotion through Pacific Islands Trade and Invest. An initial regional consultation was held in December 2010, and national consultations took place in 2011 to raise the profile of cultural industries in Pacific economies and to seek the views of the private sector in the
development of work to strengthen their ability to create and market cultural products. This included a major consultation and workshop in the Republic of Marshall Islands in the third quarter of the year focusing on the handicraft sector. The workshop strengthened the ability of participants to create marketable products and developed links to export markets through Pacific Islands Trade and Invest.

Pacific Islands Trade and Invest

Pacific Islands Trade and Invest spent 2010 introducing an improved performance monitoring system, and 2011 saw the publication of the first group Annual Report that drew on performance data from the system. This report used case studies to highlight the range of work undertaken by the group, and provided financial information on all four Offices in Auckland, Beijing, Sydney and Tokyo.

A successful Pacific Showcase took place alongside the Auckland Forum Leaders’ Week activities, with a range of activities bringing investors together with businesses from Forum Island Countries. To support this, Pacific Islands Trade and Invest published the first investment guide, “Investment Opportunities in the Pacific Islands 2011,” which showcased investment opportunities throughout the region.

Pacific Islands Trade and Invest also worked with the Commonwealth Business Council to host the Commonwealth Business Forum in the margins of the Commonwealth Heads of Government Meeting in Perth in October 2011. An MOU was signed between the Forum Secretariat and the Commonwealth Business Council to work together on business and investment opportunities between Forum Island Countries and Commonwealth nations. Work on joint activities under the MOU will commence in 2012.
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 Cairns (Forum) Compact on Strengthening Development Coordination in the Pacific by the Leaders in August 2009, a significant volume of work has been generated and managed by the Programme. This work has continued throughout 2011 as the member countries recognize the opportunities the Form Compact offer their national planning and development coordination processes. 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 (SIS).
officers have been established for all SIS members in 2011 and the focus of the Programme is on building the capacity of SIS supported by an increase in the SIS Development Fund.

The Pacific Plan

A major priority in 2011 was to maintain the centrality of the Pacific Plan. Leaders at their meeting in Auckland in September 2011 reaffirmed that the Pacific Plan remained the master strategy for regional integration and cooperation. In confirming this approach, Leaders also acknowledged the value of the Cairns Compact on Strengthening Development Coordination in the Pacific (Forum Compact) in supporting the implementation of Pacific Plan priorities, providing the principles and processes for coordinated delivery. These decisions by Leaders defined a clear relationship between the Pacific Plan and Forum Compact and will support more effective coordination going forward.

Other work undertaken in support of the strategic settings of the Pacific Plan included the development of a framework to track performance and agreement to update the priorities endorsed by Leaders in 2009. The Forum Secretariat presented a performance framework for the Pacific Plan to the Pacific Plan Action Committee (PPAC) in August 2011, which agreed that it could be piloted in 2012. The framework seeks to link Pacific Plan priorities to relevant regional strategies and mechanisms to assess progress and report to Leaders. PPAC also approved a proposal by the Forum Secretariat to facilitate a process to update the Pacific Plan priorities in 2012. These priorities had been endorsed by Leaders in 2009 as a medium term framework to guide implementation of the Plan over the period 2010 to 2012. PPAC asked that the process be guided by five key principles, including continuity between the current priorities and any updated ones.

A focus in 2011 was reporting on the work of Members and Council of Regional Organisations in the Pacific (CROP) to implement the priorities under the Pacific Plan, including publishing the Annual Pacific Plan Progress Report and a detailed reporting annex. Similar to last year, a French version of the Annual Progress Report was also produced.

Key achievements in the implementation of the Pacific Plan in 2011 included: in the fisheries sector, a number of regional maritime surveillance activities were conducted to detect and deter illegal, unreported and unregulated (IUU) fishing; in the area of climate change, the establishment of the CROP Executive Sub-Committee on Climate Change to coordinate the efforts of regional agencies; in response to a request from Leaders, completion of a major study on options to improve access to and management of climate change financing; and the completion of peer reviews in Vanuatu, Niue and Tuvalu as part of the implementation of the Forum Compact.

The Pacific Plan Desk Officer scheme remained in place with an officer placed with the Government of Vanuatu. There were delays in securing a Pacific Plan Desk Officer for the Solomon Islands.

The Non-State Actor Liaison Officer position in the Pacific Plan Office was filled in 2011. This position will focus on enhancing and coordinating the linkages and engagement between the Forum Secretariat and non-state actors on regional integration and coordination, while noting that the Secretariat engages with the non-state actor sector on a regular basis through its other Programmes. In addition, the recruitment process for the newly established Pacific Plan Adviser position commenced in late-2011. This Adviser will replace the Pacific Plan Executive Officer, which had been previously filled by a secondee from the Australian Government. Recruiting the Pacific Plan Adviser from the region will support greater mainstreaming of the Pacific Plan into the core work and structures of the Forum Secretariat.
The Cairns Compact on Strengthening Development Coordination in the Pacific (Forum Compact)

The Forum Secretariat in 2011 consulted widely with member states and development partners in the development of the two main Forum Compact reports to the Forum Leaders – the 2011 Regional MDGs Tracking Report and 2011 Tracking the Effectiveness of Development Efforts in the Pacific Report. Both reports recorded some good, but slow and uneven, progress amongst FICs in their MDGs achievement and in strengthening their systems of planning, budgeting, aid and public financial management. Similarly they recorded uneven progress by development partners in meeting their global commitments under the Paris Declaration and Accra Agenda for Action. The reports highlighted areas of priority attention and action for the member countries' and development partners’ consideration.

Five FICs (Cook Islands, Tonga, Tuvalu, RMI and FSM) were supported by Pacific Financial Technical Assistance Center (PFTAC) Asian Development Bank (ADB), and the European Union (EU) in undertaking Public Expenditure Framework Accountability (PEFAs) in 2011. This included support and advice on the development of countries Public Financial Management (PFM) Road maps.

Feedback collated from 2010 and gathered in 2011 from peer review countries including the peer review teams, indicate that the peer review and PFM Road map initiatives are having demonstrable impact on the ground. For instance, FICs are; i) engaging in more regular and high level dialogue with their development partner to improve the effectiveness of aid; ii) strengthening their planning, and aid management capacities and processes; iii) undertaking public financial management assessments and implementing actions to strengthen their PFM systems. Accompanying the increase in participation by FICs and development partners in Forum Compact initiatives in 2011, is strong country and development partner ownership of the Forum Compact leading to increased actions at the country level to address gaps identified from the peer review reports.

The Programme dedicated significant attention to telling the stories of the member states on strengthening development coordination at the country level. A number of Forum Compact communications and awareness products such as brochures, DVDs, booklets were produced and disseminated at the annual Forum Leaders meeting in 2011 in Auckland New Zealand and at the Fourth High Level Forum on Aid Effectiveness (HLF4) in 2011 at Busan Korea.

Evidence obtained from the Forum Compact and Paris Monitoring surveys, and from Pacific consultations, informed the Pacific regions and country (Cook Islands, Niue, Samoa and Tuvalu) policy positions at the Busan Global Partnership for Development Effectiveness. The Programme negotiated and coordinated a side event with NEPAD (African Union) at the Busan HLF4 as well as a Knowledge and Innovation event on...
Peer Reviews as a global best practice with CARICOM. A joint statement by NEPAD and the Pacific on the role of regional frameworks in development effectiveness was shared with key stakeholders in Busan and globally. As a result of these collaborations, the Programme will work with CARICOM in 2012 on peer reviews to support CARICOM’s regional monitoring of development coordination.

The 2011 MDGs Report focused on "Health", including non-communicable diseases (NCDs) and made five broad conclusions, which reinforced the 2010 Port Vila Declaration on Accelerating Progress on the Achievement of the MDGs. The Report was completed with support of the MDGs Technical Working Group (TWG), which included country representatives from Palau, PNG and Samoa and representatives from ADB, AusAID, SPC, UNDP, UNESCAP and the United Nations Populations Fund (UNFPA).

The Programme facilitated and funded a Forum Compact Regional Workshop in 2011 to determine the focus for the region’s MDG reporting in 2012. This will be on “poverty” and this is being planned for implementation in 2012.

In adopting the policy paper “The Role of Economic Ministers in the Forum Compact”, FEMM recognised and endorsed its central role in the implementation and monitoring of the Compact. Similarly, directives provided by FEMM in relation to the Options Paper on improving the access to and use of climate change financing in the Pacific further reinforced climate change financing as pertinent to the rigours of national and sector planning and public financial management. Significant amount of regional and national consultation and research was undertaken in 2011 in delivering the draft Options Paper to Forum Economic Ministers and to Leaders. Work on finalising the options for climate change financing for the region will be continued in 2012.

As required under the Forum Compact, the Programme in collaboration with the Economic Governance Programme supported the 2nd High Level Dialogue between the Forum Leaders and the Private Sector representatives from the region held in the margins of the Forum Leaders Meeting in 2011. Outcomes of the dialogue will along with existing regional private sector policy frameworks, guide further work in 2012 on private sector development.

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 2011 was highly interactive and guided by the themes set by New Zealand as Forum Chair. These included identification of the Global challenges impacting on the region, development coordination in line with the Forum Compact objectives, the Sustainable Development pillar of the Pacific Plan and International Support for Small Island Developing States in relation to the MDG+10, MSI+5 and climate change impacts on SIS.
The PIC-Partners’ meeting in 2011 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 that the 2011 PIC/Partners meeting consider all reports developed under the Forum Compact on Strengthening Development Coordination. The outcomes from the 2011 PIC/Partners meeting were used to steer ongoing implementation of the Forum Compact particularly in improving its processes and outcomes.

**DEVELOPMENT FUND MANAGEMENT**

The Programme continued to manage funds provided by development partners.

**European Development Assistance**

The midterm review of 10th EDF Pacific Regional Indicative Programme (PRIP) 2008-2013 was completed in November 2011. It examined the relevance and the coherence of the Pacific Regional Strategy Paper (RSP) and the Pacific Regional Indicative Programme (PRIP), and measured the efficiency and effectiveness of activities supported by the 10th EDF. The review assessed whether or not there was adjustments to the RIP Programme in light of the changing regional priorities and circumstances.

Four significant recommendations were made in the Joint Progress Report (JPR) of the midterm review. The four priorities were climate change, technical assistance support to Regional Authorising Officer (RAO), capacity support to National Authorising Officers (NAOs) in the Small Island States (SIS) and the development of a Joint Communication Strategy (JCS) between the EU and the Pacific. These recommendations will be advanced in 2012.

Based on higher commitment rate (57%) to date, the Pacific Region in 2011 was awarded an additional EUR 19 million allocated to the 10th European Development Fund (EDF). It should be noted that the incentive, was as a result of the review and was committed to climate change and building community resilience. Preparatory work on progressing the additional allocation was started in 2011 and will continue through 2012.

The EU indicated that €2 million has been provided for Technical Assistance to the Regional Authorising Officer under EDF10 and that these funds should be used in part to support the Cairns Compact (Forum Compact), the work being undertaken on climate change financing, and the Pacific Trade and Development Facility (TDF).

The EU noted that the situation on gender equality in various regions of the world varied, and that it was disappointing that gender equality in a number of countries was still a distant prospect. In this respect there was a considerable amount of work still to be done to achieve the MDGs. This was particularly relevant in the figures on access of women to education, and while there was some good progress in the Pacific, a number of countries still face challenges in this area.

**Taiwan/ROC Regional Development Assistance**

The Secretariat manages the Taiwan/ROC Regional Development Assistance Fund which provides support to CROP agencies towards existing or new development projects. In 2011 seven CROP Agency projects were approved for funding under the Taiwan/ROC Regional Development Assistance Fund.

Projects included support for the improvement of National Capacity for MCS data and Information Management; support for the SIS Development Fund and the policy and coordination role of PIFS in relation to SIS Programme activities; technical capacity building in the assessment, procurement, operations and maintenance of Grid Connected Photovoltaic Systems; support for the development of an Assessment Resource Tool for Teaching and Learning (ARTTLe); in country national marine pollution and investigation training; a campaign for the reduction and prevention of pollution and waste; capacity building in small craft operation and safety for field surveys; capacity building in Image Data Management; the development of a Water Catchment Monitoring System in the Solomon Islands; the Development of a Community scale solar water pumping system to provide clean drinking water to a selected rural communities in Fiji; developing a spatial vulnerability reporting system; and capacity building on integrated Post Harvest Fisheries and Capacity Building for Sustainable Livelihood Improvement, and Food Security and Poverty Alleviation in Pacific Island Countries.

Total funding for 2011 Taiwan/ROC Regional Development Assistance amounted to US$500, 000. It is anticipated funding will remain at the same levels in 2012.
Republic of Korea – PIF Cooperation Fund.

Under the Republic of Korea – PIF Cooperation Fund, the Republic of Korea in consultation with the Secretariat allocated a total amount of US$300,000 in 2011 to support regional capacity building and training.

From this fund, the Fiji School of Medicine was provided US$190,000 to carry out Primary Health Care Training for Pacific Island Countries. It was also agreed that US$73,400 would be given to Seoul National University Hospital (SNUH) for the cost of dispatching health professors and one program coordinator to the region to assist with the training of participants’ in-country and other logistical costs. The remaining balance (US$36,600) was used to meet the reporting and logistical costs of administering the fund.

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 are being used to support projects in Forum Island Countries with a focus on the provision of solar power generation systems and sea water desalination plants or a combination of both.

The PEC Fund governance structure has been fully implemented in 2011 with the establishment of a Project Management Unit (PMU) and a Technical Advisory Group (TAG).

In July 2011, the Secretariat pooled resources with the Secretariat of the Pacific Regional Environment Programme (SPREP), Secretariat of the Pacific Community (SPC) and the United Nations Development Programme (UNDP) Pacific Centre to convene a regional workshop focusing on proposal writing for the PEC Fund and the Pacific Islands Greenhouse Gas Abatement through Renewable Energy Project (PIGGAREP) administered by SPREP. The workshop was hosted in the Cook Islands with participants attending from Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. The workshop has provided added capacity to draft proposals for the PEC Fund, PIGGAREP and other technical development assistance.

At the end of 2011, all FICs have either submitted concept notes or had progressed to the detailed project proposals stage in anticipation of Joint Committee’s approval.

Project proposals were approved and Financing Agreements signed with the Governments of Cook Islands, Nauru, Samoa, Solomon Islands and Tuvalu in 2011. Kiribati and the Federated States of Micronesia are currently finalizing financing agreements on their approved PEC Fund projects with the Secretariat before implementation commences in 2012. The Secretariat will continue to implement, manage and administer the PEC Funds in 2012 and beyond.

Regional Scholarship Schemes

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. For the 2011/2012 year, the Republic of China provided ten scholarships under the scheme. Eight of the selected applicants travelled to China while two withdrew at the last moment due to personal reasons. Under the scholarship scheme, studies can only be undertaken at Chinese institutions.

Under the Taiwan/ROC-PIF Scholarship, the Secretariat manages and oversees the operations of the scheme, including providing pastoral care to recipients. Eleven (11) scholarships were awarded in 2011 to the following member countries; Kiribati 2, Republic of the Marshall Islands 1, Tuvalu 2, Palau 1, Solomon Islands 2, Vanuatu 1, Fiji 1 and Tonga 1. The 2011/2012 Taiwan/ROC-PIF scholarship MOU between the Secretariat and the government of Taiwan/ROC will be signed in mid 2012. Ongoing consultation with the government of Taiwan/ROC aims to ensure predictability in the finalisation of the MOU and subsequent implementation of the agreement. 2012 Scholarship recipients will be supported from Second Semester of the 2012 academic year confirming Taiwan/ROC’s ongoing commitment to and support for capacity building and training.

The programme is also tasked with facilitating the annual Taiwan/ROC-Forum Countries Dialogue which serves as an opportunity for Forum countries with established diplomatic relations with Taiwan/ROC to consider annual policy priorities and issues of mutual and strategic interest with the government of Taiwan/ROC.
Confirmation of funding assistance by Taiwan/ROC to CROP agencies are announced at the annual dialogue under the support provided through the Regional Development Scheme also managed by the Secretariat.

Social Policy

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 and youth sectors.

Throughout 2011, the Programme focused on the implementation of the Pacific Education Development Framework (PEDF) in line with the implementation strategy approved by Forum Education Ministers in 2010. The national activities included a baseline survey of the PEDF priorities, assessment of national education sector strategic plans in terms of integrating PEDF priorities and determination of country priorities. Support was provided to USP and Commonwealth of Learning (COL) in the development of "open schooling" as a means of providing 'second chance' education to unemployed youths and out of school students. The Programme also participated in attempts to revive the Pacific Association for Teacher Educators (PATE) in partnership with the USP Institute of Education (IOE) and COL as it was seen as an important forum for the development of teachers in the region.

The Programme in 2011 worked with the CROP Human Resources Development Working Group in developing and monitoring of regional initiatives in support of country level efforts. A full report on the progress of implementation at both national and regional levels will be presented at the Forum Education Ministers Meeting scheduled for May 2012.

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 affecting their 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 and their countries' future.

The Programme in 2011 worked in partnership with AusAID in developing the Project Design together with the Action Plan and Monitoring and Evaluation Framework required to implement the Regional Strategy on Disability. These strategies were needed to facilitate the release of funding support as announced by the Australian Government in support of disability development in the region. The funding support...
from the Australian Government of AUD2.1 million was approved with the first payment released in August 2011. With the release of the funding, the implementation of the Action Plan started in August 2011 with the convening of the meeting of government focal points in Forum Island Countries and leaders of disabled peoples’ organizations in the region. Country level support in terms of national policy development and training on the CRPD continued including technical support to the Pacific Disability Forum.

The Programme in collaboration with the Departments for Women and the Office of the Speaker and Chief Clerk and the UNDP Pacific Centre convened Mock Parliaments in Kiribati, RMI and Palau in 2011. The programme included sessions with key local stakeholders, including current parliamentarians. Participants were exposed to issues that affect them and their communities, including principles of democracy, election processes, parliamentary processes and development issues. The Programme also collaborated with SPC in the convening of the Ministerial Meeting for Women Ministers in July 2011 in Nadi, Fiji. Programme advisers and officials provided presentations in addition to administrative support which contributed to the success of the Ministerial meeting.

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 consideration by the Secretariat. In acknowledgement of the unique and exceptional challenges facing the SIS, the Programme has continued to implement SIS Leaders decisions to “develop new initiatives; new funding mechanisms and advocate for the needs of Smaller Island States, particularly given their limited capacity, fragile and vulnerable environment, including to climate change.”

In 2011, the SIS Programme Unit in collaboration with SIS member Governments successfully appointed SIS Pacific Plan Desk Officers in all SIS member countries. The SIS Unit through annual planning and training workshops has continued to support the capacity and ability of SIS Pacific Plan Desk officers to effectively conduct their work at the national level. The desk officers were instrumental in producing 2011 Pacific Plan Annual reports for their respective countries. The Programme continued to advocate for SIS issues and in partnership with CROP agencies supported sub-regional efforts to ensure maximum economic returns for SIS through coordinating the implementation the Pacific Petroleum Project MOU signed in 2008; the work on the Central Shipping Commission; continuation of the Feeder Shipping service; re-visiting the sub-regional airline issue affecting the four SIS members (Nauru, RMI, Kiribati and Tuvalu); input into the climate change financing discussions; and the Pacific Regional Audit Initiative. SIS have continued their support to the implementation of the Forum Compact where in 2011 both Tuvalu and Niue were peer reviewed, (in addition to Nauru and Kiribati who were peer reviewed in 2010). The Programme has offered support to SIS on the implementation of recommendations arising out of the peer reviews. Assistance on implementation of the Peer Review recommendations will continue through 2012.

The SIS Programme officer visited all the seven Smaller Islands States where presentations were made to Government Ministries on the key roles and responsibilities of the Pacific Plan desk officers, ensuring that SIS members fully benefit from the Pacific Plan and the available assistance from the Forum Secretariat and the wider CROP agencies. The SIS Programme Unit together with the respective SIS Governments identified short term priorities to be addressed by the Unit through their integration in to the SIS Development Programme.

The SIS Development Fund continued to provide a facility to support development initiatives by SIS; these include short term work attachments in other Forum Island Countries, support to in country workshops in improving coordination amongst government ministries, sporting activities, capacity building through attending international conferences and
advocating for Pacific Plan reporting. The SIS Programme 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 2011 year, the Secretariat has been increasingly required by Leaders to play a leadership role in coordinating regional responses to cross cutting sustainable resource management issues such as climate change and ocean related policy issues.

The Waiheke Declaration and the Leaders Communiqué in 2011 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 in 2011 the appointment of the Secretary General as the first Ocean Commissioner tasked with high level political advocacy of oceans issues under the Pacific Oceanscape initiative and strongly encouraged continued Forum leadership and regional cooperation amongst CROP agencies to implement the regions Oceans policy.

This direction, which has been consistently growing over the last several years, has provided the basis for the Programme and the Secretariat as a whole to review and strengthen its role in sustainable development, sustainable resource management and associated strategic policy advice. In 2011 the Programme was actively engaged in developing and negotiating with its regional partners and with FICs a regional position to take to the global preparatory meetings to ensure Pacific regional positions are included in the consultative outcome text in preparations for the Global UN Conference on Sustainable Development (Rio+20) to be held in Brazil in 2012. The Programme assisted FICs through the preparation of policy and regional briefs in preparation for the 2011 Seoul Asia Pacific High Level Preparatory Summit on Sustainable Development in collaboration with UNESCAP. The Programme co-chairs the Sustainable Development Working Group (SDWG) meetings comprised of international non-governmental organizations, UNESCAP representatives as well as key CROP partner representatives. The SDWG is the key forum
for coordinating the regions position in the lead up to the international conference on sustainable development in 2012.

The Programme has also continued its leadership role in 2011 in leading the regional development and research of the Options for Climate Change Financing Paper requested by Economic Ministers and Forum Island Leaders. The Programme received approval from Economic Ministers and Leaders in 2011 on the process proposed for developing options for climate change financing which will be further developed in 2012.

Programme support to CROP Executives has continued throughout 2011. 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. 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 Programme in 2011 completed the recruitment of a Natural Resources Adviser who is currently coordinating this work.

**CROP Coordination**

The Secretariat through the Programme has continued to provide the overarching coordination and strengthening role for CROP. The CROP mechanism has evolved over time and particularly as the Pacific Plan implementation and reporting has changed the way the regional institutional architecture supports and advises the PPAC. 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 significant support to, coordination and strengthening of the CROP, largely through the following activities: Organization and management of CROP Executives Meetings; ongoing secretariat support to the CROP Executives Sub-Committee on Climate Change; establishment and support to the CROP Working Arm on Climate Change (WACC); co-chairing of the Sustainable Development Working Group (SDWG), support to the Marine Sector Working Group (MSWG) and associated support to the Secretary General as the appointed Pacific Ocean Commissioner; secretariat support to the Human Resources Working Group (HRD); overall monitoring and review of the work of the CROP working groups and other regional partnerships under the Pacific Plan; and, the engagement of the UN Agencies in the CROP mechanism.

The Programme has facilitated the implementation of the CROP Heads decisions as they relate to strengthening the CROP Charter, in particular membership of CROP and the engagement with multi-national partners in a range of activities, including climate change and Oceanscape related initiatives. The Programme is primarily responsible for the delivery of reports from the Chair of CROP to the FOC and PPAC including implementation of decisions emanating from those bodies. In the 2011 year, this has included assessment of a new CROP membership application (PASO), a proposed review of the CROP Charter and TOR, facilitating and implementation of recommendations from the CROP Working Group review, and priorities highlighted by the CROP
for consideration of Leaders in implementing the Pacific Plan. The Programme has continued to provide primary 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 in 2011 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. The Public Affairs Unit was busy throughout the year with activities to mark the 40th anniversary of the Pacific Islands Forum which culminated at the 42nd Pacific Islands Forum held in Auckland, New Zealand in September. Some of the activities included a rebranding exercise with a special 40th anniversary logo flying alongside the Forum Secretariat’s logo on the Secretariat’s website and the Secretariat’s other publications and stationery, a series of Forum Leaders’ Lectures on the Pacific Plan, a regional schools art competition, tree planting ceremonies involving staff and senior officials from the region held at the Secretariat and the production of a wide range of commemorative items. Staff of the Unit also publicised numerous Ministerial meetings coordinated by the Secretariat and filed press reports on the participation of Forum member countries at international meetings including the 4th High Level Forum on Aid Effectiveness held in Busan, South Korea and the Climate Change negotiations COP 17 held in Durban, South Africa. The coverage from these international meetings highlights the region’s and country positions on particular international issues.

The Unit also continued to coordinate with the Pacific Islands News Association (PINA), the annual Regional Forum Media Workshop which was held prior to the Forum Leaders’ meeting in Auckland, New Zealand in 2011. This Regional Forum Media Workshop continues to educate reporters from the region on the decisions of the Forum Leaders and the activities by the Forum Secretariat to implement the decisions. Every year the Workshop generates about 200 stories in the several days around the decisions of the Forum Leaders that are disseminated by the media throughout the region both in English and local languages.

The Unit is also responsible for updating and managing the Forum Secretariat website. This has continue to be a priority as the Secretariat web site is the virtual window into the activities, programmes and mandates of the Forum Secretariat. The web site development and maintenance has included coordinating linkages to other CROP web sites to ensure ease of access by users of the Secretariat web site.
The Corporate Services Programme plays a critical role in terms of service delivery to the Secretariat to enable staff to deliver quality services to the region. As a team, improving what we do and how we do it is key to the Programme’s contribution to organisational effectiveness. The ranges of services are in the areas of Organisational Development, HR and Administration, Financial Services, Information Management, Information Technology and Property Services.

**ORGANISATIONAL DEVELOPMENT**

**Strategic Planning**

The Secretariat reviewed its strategic planning framework during the year, and formulated three-year Programme Strategic Plans for 2012 – 2014 to replace the 2009 – 2011 plans. The mid-term review and refresh of the Corporate Plan 2008 – 2012 was also undertaken. The Forum Officials Committee, in considering the proposed Programme Strategic Plans and the results of the mid-term review of the Corporate Plan, decided to align the planning cycle timelines for both planning documents by increasing the timeframe for the Corporate Plan to a six-year cycle. It also agreed to provisionally apply the 2012 – 2014 Programme Strategic Plans for 2012. The new Corporate Plan for 2013 – 2018 and Programme Strategic Plans 2013-2015 will be developed in 2012.

**Training**

Organisational development through the delivery of training continues to be a priority. A number of workshops and in-house trainings on topics including leadership, mentoring and ethics were conducted throughout the year. Individual teams within Corporate Services also took the initiative to conduct team building sessions in an effort to foster greater team spirit.

**Human Resources**

**The Intranet**

The Secretariat’s Intranet was launched in 2011 in a bid to improve internal communication and access to information by staff. The Intranet is designed to consolidate all functions of...
Corporate Services into one platform and provide staff with easy access to a wide range of information such as templates, policies and procedures, forms, financial reports, information databases, brochures and frequently asked questions.

**CROP Harmonisation**

The year provided yet another opportunity for the CROP Working Group on Harmonisation to further build CROP-wide partnerships in a number of areas including:

(i.) Human Resources Information System (HRIS)

At the 2011 CROP Executives meeting, the CROP Working Group on Harmonisation was given the approval to commence work on a joint CROP HRIS project. The system will manage all employee related functions (including payroll management) and information needs of the Human Resources sections of the various CROP agencies. The ‘test run’ for HRIS is expected to be carried out in 2012, after which each agency's specific requirements will be assimilated into the system. The Secretariat of the Pacific Community is taking the lead role on the project.

(ii.) Salary Banding

In 2009, an 18-tier salary banding model was presented to the Forum Officials Committee (FOC). Adoption of the proposed banding model was approved subject to the Committee being advised on the associated budgetary implications and implementation date. A 2010 CROP Executives special meeting endorsed a new version of the banding model, and each CROP agency was to recommend this final model to their respective governing bodies. At the Secretariat, the HR section took the lead role in training, consultation and dissemination of information on the new banding model to staff.

The new salary structure approved by FOC was implemented on January 1st 2011. Staff recruited after 1st January were recruited on the new salary structure.

**Recruitment**

The year saw a record number of 34 new recruitments taking place. These recruitments were for positions where staff had either completed their term in office or had resigned.

**Information Management**

The Information Management office played an important role in the Pacific Islands Forum’s 40th Anniversary celebrations through the compilation of historical information for public displays, and assisting the Public Affairs Unit with their 40th Anniversary work. The displays included the Forum’s inaugural meeting records, photographs of Forum leaders and timelines of major historical regional events, and were shown at the Secretariat meeting venues, at the University of the South Pacific Library and at the 42nd Pacific Islands Forum in Auckland.

A new Archival space for the Secretariat’s vital historical records was jointly completed with Property Services in 2011. The room is equipped with an air conditioner/dehumidifier to ensure proper temperature for the preservation of the paper based vital records. A project to transfer the vital records to the new archives will commence in 2012.

The digitisation of Forum meeting records continued in 2011, in an effort to provide easy access to meeting outcomes to all staff from their desktops.

CROP information management personnel have continued to network and share information on a wide range of issues. The CROP Library, Archives and Information Management (CLAIM) Working Group have discussed several initiatives to progress the action plan agreed at the inaugural CLAIM meeting in 2010. One of these initiatives is a proposed knowledge sharing workshop in 2012 to build capacity in records management, and improve records management systems across CROP.

**Financial Services**

A key achievement for Financial Services during 2011 was passing an institutional audit by the European Commission on internal systems, policies and procedures. This achievement will enable future European Union funded projects to be implemented by the Secretariat using PIFS own policies and procedures, and avoid duplication of systems that was a previous requirement of EU funded projects.

A major factor of the successful institutional assessment was the establishment of an internal audit function through the formulation and approval of an internal audit policy. This policy, which is scheduled for implementation in 2012, establishes an internal audit function, and provides...
guidelines in evaluating and improving the effectiveness of the organisation’s internal control, risk management and governance processes.

Financial Services also commenced a system review of the Geneva office in order to incorporate its financial system within the Secretariat's overall financial system. System amendments resulting from this review will be implemented in 2012.

Property Services

Property Services continues to provide quality property and security management to ensure a clean, safe and aesthetic environment for staff and stakeholders alike. A Garden Improvement Plan and Facility Management Plan were formulated as part of a series of documents that define how the Secretariat will manage its facilities, utilities and services.

Major projects undertaken included the construction of an Archival Space jointly with Information Management, and renovation of residential houses. Other projects included erection of Gabion retaining walls to prevent soil erosion as part of the Garden Improvement Plan and the construction of a new meeting room and videoconferencing facility, which will be completed in 2012.

Information Technology

The Information Technology team undertook a few key projects in 2011 including significant upgrading of ICT security measures and the purchase of a video conferencing solution, which is scheduled to be implemented in 2012. Data backup solutions were also reviewed and strengthened during the year, which enabled more effective backup scheduling, and improved access to data backups.

A major server upgrade project commenced in 2011 with the purchase of new "blade" servers. These servers will enable virtualization of IT services in 2012, and will enable significantly improved efficiency of IT services and use of hardware.
CONSOLIDATED 
FINANCIAL 
STATEMENTS 
FOR THE YEAR ENDED 
31 DECEMBER 2011
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 2011.

During the year, we expended FJD32m compared to budgeted expenditure of FJD44m, while our total cash and investment holdings at year end amounted to FJD128m.

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 2011 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 2011,

(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 2011,

(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 2011, 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 2011.

Dated at Suva this 3rd day of May 2012

Tuiloma Neroni Slade
Secretary General

Financial Statements 31 December 2011
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 2011, and the general fund statement of comprehensive income, consolidated statement of changes in funds and consolidated statement of cash flows 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 2011 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.

3 May 2012
Suva, Fiji

KPMG
Chartered Accountants

Financial Statements

- 2 -

31 December 2011
### General Fund Statement of Comprehensive Income

*For the Year Ended 31 December 2011*

<table>
<thead>
<tr>
<th>Note</th>
<th>2011 Revised Budget</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FJD</td>
<td>FJD</td>
<td>FJD</td>
</tr>
</tbody>
</table>

#### Income

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 Revised Budget</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions from members</td>
<td>4,028,426</td>
<td>4,028,426</td>
<td>3,502,979</td>
</tr>
<tr>
<td>Interest</td>
<td>891,605</td>
<td>935,034</td>
<td>719,937</td>
</tr>
<tr>
<td>Recoveries income</td>
<td>776,392</td>
<td>781,485</td>
<td>625,464</td>
</tr>
<tr>
<td>Administration fees received</td>
<td>2,721,262</td>
<td>2,688,871</td>
<td>2,555,966</td>
</tr>
<tr>
<td>Other income</td>
<td>107,566</td>
<td>69,673</td>
<td>287,863</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>8,525,251</strong></td>
<td><strong>8,503,489</strong></td>
<td><strong>7,692,209</strong></td>
</tr>
</tbody>
</table>

#### Expenditure

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 Revised Budget</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Governance 4(a)</td>
<td>114,511</td>
<td>124,229</td>
<td>117,780</td>
</tr>
<tr>
<td>Political Governance and Security 4(b)</td>
<td>309,097</td>
<td>292,811</td>
<td>89,796</td>
</tr>
<tr>
<td>Strategic Partnerships and Coordination 4(c)</td>
<td>191,292</td>
<td>170,495</td>
<td>43,109</td>
</tr>
<tr>
<td>Corporate Services 4(d)</td>
<td>4,214,463</td>
<td>3,782,512</td>
<td>3,438,467</td>
</tr>
<tr>
<td>Management of the Secretariat 4(e)</td>
<td>2,277,783</td>
<td>2,226,246</td>
<td>2,209,736</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>7,107,146</strong></td>
<td><strong>6,596,293</strong></td>
<td><strong>5,898,888</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 Revised Budget</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer to Trust Fund</td>
<td>-</td>
<td>(101,272)</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange gain/(loss)</td>
<td>354,162</td>
<td>(93,573)</td>
<td>869,258</td>
</tr>
<tr>
<td><strong>Total Surplus of Income over Expenditure</strong></td>
<td><strong>1,772,267</strong></td>
<td><strong>1,813,623</strong></td>
<td><strong>2,561,307</strong></td>
</tr>
</tbody>
</table>

*This statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements posted on the PIFS website: www.forumsec.org*
Consolidated Statement of Financial Position
As at 31 December 2011

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>2011 FJD</th>
<th>2010 FJD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5</td>
<td>115,840,260</td>
<td>116,506,499</td>
</tr>
<tr>
<td>Held-to-maturity investments</td>
<td>6</td>
<td>11,663,394</td>
<td>13,503,348</td>
</tr>
<tr>
<td>Inventories</td>
<td>7</td>
<td>15,364</td>
<td>17,256</td>
</tr>
<tr>
<td>Receivables – members</td>
<td>8</td>
<td>496,943</td>
<td>315,861</td>
</tr>
<tr>
<td>Other receivables and prepayments</td>
<td>9</td>
<td>3,629,213</td>
<td>513,000</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td><strong>131,645,174</strong></td>
<td><strong>130,855,964</strong></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>10</td>
<td>8,038,951</td>
<td>7,857,483</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>11</td>
<td>140,414</td>
<td>169,784</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td><strong>8,179,365</strong></td>
<td><strong>8,027,267</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td><strong>139,824,539</strong></td>
<td><strong>138,883,231</strong></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current payables</td>
<td>12</td>
<td>2,107,756</td>
<td>1,603,077</td>
</tr>
<tr>
<td>Contributions received in advance – Trust Fund</td>
<td>13</td>
<td>117,833,584</td>
<td>116,966,204</td>
</tr>
<tr>
<td>Deferred income – General Fund</td>
<td>14</td>
<td>2,274,305</td>
<td>2,274,305</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td><strong>122,215,645</strong></td>
<td><strong>120,843,586</strong></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income – General Fund</td>
<td>15</td>
<td>2,274,305</td>
<td>4,548,609</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td><strong>2,274,305</strong></td>
<td><strong>4,548,609</strong></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td><strong>124,489,950</strong></td>
<td><strong>125,392,195</strong></td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
<td><strong>15,334,589</strong></td>
<td><strong>13,491,036</strong></td>
</tr>
<tr>
<td>Accumulated and reserve funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General fund</td>
<td></td>
<td>6,450,340</td>
<td>4,543,144</td>
</tr>
<tr>
<td>Exchange translation reserve</td>
<td></td>
<td>2,873,786</td>
<td>2,967,359</td>
</tr>
<tr>
<td>Capital reserve</td>
<td></td>
<td>6,010,463</td>
<td>5,980,533</td>
</tr>
<tr>
<td><strong>Total accumulated and reserve funds</strong></td>
<td></td>
<td><strong>15,334,589</strong></td>
<td><strong>13,491,036</strong></td>
</tr>
</tbody>
</table>

For the Pacific Islands Forum Secretariat

Tulama Neroni Slade  
Secretary General

Gibson Wekina  
Acting 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.

Financial Statements  - 4 -  
31 December 2011
**Consolidated Statement of Changes in Funds**  
**For the Year Ended 31 December 2011**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FJD</td>
<td>FJD</td>
</tr>
<tr>
<td><strong>General Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the year</td>
<td>4,543,144</td>
<td>2,579,310</td>
</tr>
<tr>
<td>Transfer from Reserve Fund</td>
<td>-</td>
<td>271,785</td>
</tr>
<tr>
<td>Surplus of income over expenditure</td>
<td>1,813,623</td>
<td>2,561,307</td>
</tr>
<tr>
<td>Transfer to Exchange Translation Reserve</td>
<td>93,573</td>
<td>(869,258)</td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td>6,450,340</td>
<td>4,543,144</td>
</tr>
<tr>
<td><strong>Exchange Translation Reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the year</td>
<td>2,967,359</td>
<td>2,098,101</td>
</tr>
<tr>
<td>Transfer from General Fund</td>
<td>(93,573)</td>
<td>869,258</td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td>2,873,786</td>
<td>2,967,359</td>
</tr>
<tr>
<td><strong>Capital Reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the year</td>
<td>5,980,533</td>
<td>6,223,432</td>
</tr>
<tr>
<td>Purchase of Trust Fund assets</td>
<td>318,232</td>
<td>31,637</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(288,302)</td>
<td>(274,536)</td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td>6,010,463</td>
<td>5,980,533</td>
</tr>
</tbody>
</table>

*This statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements posted on the PIFS website: www.forumsec.org*
### Consolidated Statement of Cash Flows
For the year ended 31 December 2011

<table>
<thead>
<tr>
<th>Note</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FJD</td>
<td>FJD</td>
</tr>
</tbody>
</table>

#### Cash flow from operating activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions from members</td>
<td>3,829,032</td>
<td>3,597,761</td>
</tr>
<tr>
<td>Trust Fund income</td>
<td>25,963,070</td>
<td>18,730,606</td>
</tr>
<tr>
<td>Programme and project costs</td>
<td>(25,222,250)</td>
<td>(33,609,830)</td>
</tr>
<tr>
<td>Other operational costs</td>
<td>(7,472,630)</td>
<td>(4,180,099)</td>
</tr>
<tr>
<td>Interest received</td>
<td>1,047,461</td>
<td>700,404</td>
</tr>
<tr>
<td>Rent and other income</td>
<td>145,701</td>
<td>7,270,068</td>
</tr>
<tr>
<td>Realised exchange gain/(loss)</td>
<td>(111,209)</td>
<td>(42,377)</td>
</tr>
</tbody>
</table>

**Net cash flow (used in) operating activities**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1,820,825)</td>
<td>(7,533,467)</td>
</tr>
</tbody>
</table>

#### Cash flow from investing activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>1,100</td>
<td>35,104</td>
</tr>
<tr>
<td>Payments for property, plant and equipment</td>
<td>(502,835)</td>
<td>(336,629)</td>
</tr>
<tr>
<td>(Loans to) related parties</td>
<td>-</td>
<td>(1,548)</td>
</tr>
<tr>
<td>Movement in held to maturity investments</td>
<td>1,839,954</td>
<td>(6,381,501)</td>
</tr>
</tbody>
</table>

**Net cash flow from/(used in) investing activities**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,338,219</td>
<td>(6,684,573)</td>
</tr>
</tbody>
</table>

#### Effect on exchange rate changes

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(183,633)</td>
<td>(7,720,350)</td>
</tr>
</tbody>
</table>

#### Net (decrease) in cash held

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(666,239)</td>
<td>(21,938,390)</td>
</tr>
</tbody>
</table>

#### Cash at the beginning of the year

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>116,506,499</td>
<td>138,444,890</td>
</tr>
</tbody>
</table>

#### Cash at the end of the year

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>115,840,260</td>
<td>116,506,499</td>
</tr>
</tbody>
</table>

This statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements posted on the PIFS website: www.forumsec.org
### Consolidated Statement of Comprehensive Income
for Year Ended 31 December 2011.

<table>
<thead>
<tr>
<th></th>
<th>2011 Revised Budget</th>
<th>2011 General Fund</th>
<th>2011 Trust Fund</th>
<th>Eliminations</th>
<th>2011 Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FJD</td>
<td>FJD</td>
<td>FJD</td>
<td>FJD</td>
<td>FJD</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from members</td>
<td>4,028,426</td>
<td>4,028,426</td>
<td>-</td>
<td>-</td>
<td>4,028,426</td>
</tr>
<tr>
<td>Interest</td>
<td>1,120,460</td>
<td>935,034</td>
<td>210,095</td>
<td>-</td>
<td>1,145,129</td>
</tr>
<tr>
<td>Recoveries income</td>
<td>776,392</td>
<td>781,485</td>
<td>-</td>
<td>(781,485)</td>
<td>-</td>
</tr>
<tr>
<td>Administration fees received</td>
<td>2,721,262</td>
<td>2,688,871</td>
<td>-</td>
<td>(2,688,871)</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>107,566</td>
<td>69,673</td>
<td>-</td>
<td>-</td>
<td>69,673</td>
</tr>
<tr>
<td>Trust Fund income</td>
<td>24,922,514</td>
<td>-</td>
<td>26,033,422</td>
<td>-</td>
<td>26,033,422</td>
</tr>
<tr>
<td>Benefits derived from property, plant &amp; equipment</td>
<td>293,178</td>
<td>-</td>
<td>288,302</td>
<td>-</td>
<td>288,302</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>33,969,798</td>
</tr>
<tr>
<td></td>
<td>8,503,489</td>
<td></td>
<td>26,531,819</td>
<td>(3,470,356)</td>
<td>31,564,952</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Governance</td>
<td>16,494,004</td>
<td>124,229</td>
<td>13,414,099</td>
<td>-</td>
<td>13,538,328</td>
</tr>
<tr>
<td>Political Governance and Security</td>
<td>3,813,027</td>
<td>292,811</td>
<td>2,781,121</td>
<td>-</td>
<td>3,073,932</td>
</tr>
<tr>
<td>Strategic Partnerships and Coordination</td>
<td>15,927,635</td>
<td>170,495</td>
<td>8,629,827</td>
<td>-</td>
<td>8,800,322</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>5,380,311</td>
<td>3,782,512</td>
<td>619,223</td>
<td>(3,470,356)</td>
<td>931,379</td>
</tr>
<tr>
<td>Management of the Secretariat</td>
<td>2,473,114</td>
<td>2,226,246</td>
<td>130,109</td>
<td>-</td>
<td>2,356,356</td>
</tr>
<tr>
<td></td>
<td>44,088,091</td>
<td>6,596,293</td>
<td>25,574,379</td>
<td>(3,470,356)</td>
<td>28,700,316</td>
</tr>
<tr>
<td><strong>Transfer</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Foreign exchange gain/(loss)</strong></td>
<td>1,805,569</td>
<td>(93,573)</td>
<td>(90,060)</td>
<td>-</td>
<td>(183,633)</td>
</tr>
<tr>
<td><strong>(Deficit)/surplus of income over expenditure</strong></td>
<td>(8,312,724)</td>
<td>1,813,623</td>
<td>(867,380)</td>
<td>-</td>
<td>(2,681,003)</td>
</tr>
</tbody>
</table>

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