<table>
<thead>
<tr>
<th>CONTENTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Acronyms</td>
<td>4</td>
</tr>
<tr>
<td>Our Mission</td>
<td>5</td>
</tr>
<tr>
<td>The Pacific Islands Forum</td>
<td>7</td>
</tr>
<tr>
<td>The Pacific Islands Forum Secretariat</td>
<td>7</td>
</tr>
<tr>
<td>Who We Are</td>
<td>8</td>
</tr>
<tr>
<td>The Secretary General’s Year</td>
<td>9</td>
</tr>
<tr>
<td>The Secretary General’s Message</td>
<td>10</td>
</tr>
<tr>
<td>Key Highlights - Leaders Meeting in Majuro and Review of the Pacific Plan</td>
<td>14</td>
</tr>
<tr>
<td>Political Governance and Security</td>
<td>16</td>
</tr>
<tr>
<td>Economic Governance</td>
<td>26</td>
</tr>
<tr>
<td>Strategic Partnerships and Coordination</td>
<td>34</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>46</td>
</tr>
<tr>
<td>Consolidated Financial Statement</td>
<td>50</td>
</tr>
</tbody>
</table>
**ACRONYMS**

ACP  
**African, Caribbean and Pacific**

APG  
**Asia Pacific Group on Money Laundering**

ATT  
**Arms Trade Treaty**

AusAID  
**Australian Agency for International Development**

AUSTRAC  
**Australian Transaction Reports and Analysis Centre**

CHOGM  
**Commonwealth Heads of Government Meeting**

CROP  
**Council of Regional Organisations in the Pacific**

CRPD  
**Convention on the Rights of Persons with Disabilities**

EDF  
**European Development Fund**

EPA  
**European Partnership Agreement**

EU  
**European Union**

FEMM  
**Forum Economic Ministers Meeting**

FICs  
**Forum Island Countries**

FOC  
**Forum Officials Committee**

FRSC  
**Forum Regional Security Committee**

IDEA  
**Inter-Regional Dialogue on Democracy**

MCG  
**Ministerial Contact Group**

MDGs  
**Millennium Development Goals**

PACER  
**Pacific Agreement on Closer Economic Relations**

PACP  
**Pacific Members of the African, Caribbean and Pacific**

PACPS  
**Pacific/African Caribbean Pacific States**

PALM  
**Pacific Islands Leaders Meeting**

PEC  
**Pacific Environment Community**

PEDF  
**Pacific Education Development Framework**

PFD  
**Post Forum Dialogue**

PICs  
**Pacific Island Countries**

PICTA  
**Pacific Islands Countries Trade Agreement**

PIFS  
**Pacific Islands Forum Secretariat**

PIPSO  
**Pacific Islands Private Sector Organisation**

PITAP  
**Pacific Integration Technical Assistance Programme**

PRSD  
**Pacific Regional Strategy on Disability**

PT&I  
**Pacific Islands Trade and Invest**

RAMSI  
**Regional Assistance Mission to Solomon Islands**

RAO  
**Regional Authorising Officer**

RPPA  
**Revised Pacific Platform of Action for the Advancement of Women and Gender Equality**

SALW  
**Small Arms and Light Weapons**

SDGs  
**Sustainable Development Goals**

SG  
**Secretary General**

SGBV  
**Sexual and Gender Based Violence**

SIDS  
**Small Island Developing States**

SIS  
**Small Island States or Smaller Island States**

SISDF  
**Small Island States Development Fund**

SPC  
**Secretariat of the Pacific Community**

SPC-RRRT  
**Secretariat of the Pacific Community’s Regional Rights Resource Team**

SPEC  
**South Pacific Bureau for Economic Cooperation**

SPEITT  
**Strengthening Pacific Economic Integration through Trade**

SPREP  
**Secretariat of the Pacific Regional Environment Programme**

TPFs  
**Trade Policy Frameworks**

UN  
**United Nations**

UNDP  
**United Nations Development Programme**

UNESCO  
**United Nations Economic and Social Commission for Asia and the Pacific**

UNFPA  
**United Nations Population Fund**

UNODC  
**United Nations Office of Drugs and Crime**

UNPoA  
**United Nations Programme of Action on Small Arms and Light Weapons**

WTO  
**World Trade Organisation**

**OUR MISSION**

To ensure the effective implementation of the Leaders’ decisions for the benefit of the people of the Pacific.

**GOALS**

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

**VALUES**

We strive for professional excellence; and to demonstrate personal leadership.

We are responsive to the priority needs of our Members and other stakeholders; and excel in a caring, inclusive, and innovative environment.

**GUIDING PRINCIPLES**

Address the priority needs and rights of our most vulnerable Members, communities and people (Special and Differential Treatment)

Embrace the cultural diversity of the region with tolerance and respect (The Pacific Way)

Facilitate the debate on how to position the region to meet emerging challenges both now and in the future (Foresight)

Recognition of the region’s responsibility for guardianship of the world’s largest ocean and its resources (Common Heritage)

Quality interaction with all our stakeholders, both internal and external (Communication)

Good governance and gender equality, and seek peak performance (Continuous Performance)

**PRIMARY ROLES**

To provide policy advice and guidance in implementing the decisions of the Leaders

To coordinate and assist in implementing the decisions of the Leaders

To provide support to the Leaders’ meetings, ministerial meetings, and associated committees and working groups.
The Pacific Islands Forum

The Pacific Islands Forum is a political grouping of 16 independent and self-governing states. It was founded in 1971 as the South Pacific Forum by Australia, Cook Islands, Fiji, Nauru, New Zealand, Tonga and Western Samoa. The Secretariat to the Forum was initially established as a trade bureau in 1972 as the South Pacific Bureau for Economic Co-operation (SPEC) and later became the South Pacific Forum Secretariat in 1991. In 2000, the name South Pacific Forum changed to Pacific Islands Forum to better reflect the geographic location of its Members in the north and south Pacific with the Secretariat consequently becoming the Pacific Islands Forum Secretariat.

The Members of the Pacific Islands Forum are Australia, Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, the Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

New Caledonia and French Polynesia are Associate Members of the Forum. Forum Observers are Tokelau, Wallis and Futuna, the Commonwealth, the United Nations, the Asian Development Bank, the Western and Central Pacific Fisheries Commission, the World Bank, the African, Caribbean and Pacific Group of States, American Samoa, Guam, and the Commonwealth of Northern Mariana Islands. Timor Leste is a Special Observer.

Since 1989, the Forum has held Post-Forum Dialogues with key Dialogue Partners at Ministerial level. There are currently fourteen partners: Canada, the 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 annual Forum meetings are chaired by the Head of Government of the host country, who remains as Forum Chair until the next meeting.

The Forum Secretariat

The Pacific Islands Forum Secretariat is located in Suva, Fiji. The current Secretary General is H.E. Tuiloma Neroni Slade of Samoa.

The Forum Secretariat’s mandate is to coordinate the implementation of Leaders’ decisions on regional cooperation and integration for the benefit of the peoples of the Pacific. The Forum Officials Committee (FOC) is the Forum Secretariat’s governing body, comprising representatives from all Forum Members. The chair of the FOC rotates on an annual basis. The FOC Chair in 2013 was the Solomon Islands.

The Secretary General of the Forum Secretariat is also the permanent Chair of the Council of Regional Organisations in the Pacific (CROP) and the interim Oceans Commissioner.

The Forum Secretariat has Pacific Islands Trade and Invest (PT&I) offices in Auckland, Beijing, Sydney, Tokyo and a desk in Geneva. It also has an office in Geneva, Switzerland, for the Permanent Delegation of the Pacific Islands Forum to the World Trade Organisation (WTO). The Forum Secretariat has a representative based in Solomon Islands as the Pacific Islands Forum Representative to Solomon Islands.

To supplement the capacity of Smaller Island States in the Pacific Islands Forum, the Forum Secretariat supports desk officers in the Cook Islands, Kiribati, Republic of the Marshall Islands, Nauru, Niue, Palau, and Tuvalu. Pacific Plan Desk Officers are also located in Vanuatu and the Federated States of Micronesia.
WHO WE ARE

Tuloma Neroni Slade
Secretary General

Andie Fong Toy
Deputy Secretary General
Economic Governance and Political Governance and Security Programme

Feleti Teo
Deputy Secretary General
Strategic Partnerships and Coordination Programme and Corporate Services

Shiu Raj
Director Economic Governance Programme

Desna Solofa
Director Political Governance and Security Programme

Filipe Jitoka
Acting Director Strategic Partnerships and Coordination Programme

Simon Clegg
Director Corporate Services

2013 Staff Photo

HIGHLIGHTS
from the Secretary General’s Year

JANUARY
Chaired the Greg Urwin Award Selection Committee Meeting at the Secretariat, Suva.

FEBRUARY 25−27
Chaired the workshop on the State of the Oceans in the South West Pacific, held in Brisbane, Australia. This workshop was part of a UN Global Assessment on Oceans (previously known as the Regular Process).

MARCH 7
Attended the UNDP Regional Advisory Panel Meeting for Asia Pacific held in Bangkok, Thailand in his capacity as Advisory Board Member representing Pacific interests.
20−22
Attended the Pacific Energy Summit hosted by the Government of Tonga in Nuku'alofa, Tonga.
25−27
Attended the Pacific Energy Summit held in Auckland, New Zealand hosted by the European Union and New Zealand.

APRIL 12−13
Hosted the Ministerial Contact Group on Fiji meeting in Suva.

MAY 2
Presented on the review of the Pacific Plan at the 23rd Pacific Developing Member Countries Governors Meeting of the Asian Development Bank, held in Delhi, India.

JUNE 3
Keynote Speaker at the ADAPT Asia-Pacific Second Annual Meeting held at the Sheraton Resort, Nadi, Fiji on the ‘Pacific Priority for Climate Financing’ plenary, outlining the Pacific regional response.
15−19
Official visit to the People’s Republic of China.
20−1
Member of the Global Partnership for Oceans Blue Ribbon Panel Second Meeting held in Singapore.

JULY 3−5
Attended the Forum Economic Ministers Meeting (FEMM) held in Nuku'alofa, Tonga.
15−18
Participated in the visit of the Forum Ministerial Committee on New Caledonia.

AUGUST 2
Chaired the CROP Executive Heads Meeting at the Forum Secretariat.

SEPTEMBER 3–6
Attended the 44th Pacific Islands Forum and Related Meetings held in Majuro, Republic of the Marshall Islands.
24−30
Attended the 68th United Nations General Assembly & Related Meetings in New York.

OCTOBER 26−27
Attended the 2nd PALM Ministerial Interim Meeting in Tokyo and Sendai, Japan.

NOVEMBER 9–12
Attended the 2nd China-Pacific Island Countries Economic Development and Cooperation Forum held in Guangzhou, China.
15−17
Attended the Commonwealth Heads of Government Meeting (CHOGM) in Colombo, Sri Lanka as the Commonwealth Secretary General’s special guest.

DECEMBER 4–6
Led the Forum Secretariat discussions at the Forum Officials Committee meeting held in Suva to consider the outcomes of the review of the Pacific Plan and endorse the budget and work programme.
9–11
Attended a joint Pacific ACP Trade & Fisheries Ministers Meeting held in Honiara, Solomon Islands with EU Trade Commissioner Karl De Gucht.

It is with great pride that I present to Members of the Pacific Islands Forum, and the Pacific and international community more broadly, this report on the work and achievements of the Pacific Islands Forum Secretariat in 2013.
THE SECRETARY GENERAL’S MESSAGE

It is with great pride that I present to Members of the Pacific Islands Forum, and the Pacific and international community, more broadly, this report on the work and achievements of the Pacific Islands Forum Secretariat in 2013.

Last year marked the 42nd year of the Pacific Islands Forum, the organisation of political leaders of independent and self-governing Pacific countries which first met in 1971 as the South Pacific Forum. As the Secretariat to the Forum, we are entrusted with the responsibility of providing policy advice, coordination and assistance in implementing the decisions of Forum Leaders. These decisions span a diverse range of issues, but all serving to realise the vision espoused by Leaders in the Auckland Declaration of 2004 that the Pacific ‘be a region of peace, harmony, security and economic prosperity, whose people can all lead free and worthwhile lives’.

Significant issues and developments:

Last year was an undoubtedly significant year for the Forum. We saw the handing over of the Forum Chair from the Cook Islands to the Republic of the Marshall Islands at the 44th meeting of the Forum, held in Majuro from 3 to 5 September 2013. The increasing profile and influence of the Forum was very evident, with the summit attracting many eminent representatives from our Post-Forum Dialogue Partners and other key countries and international and regional organisations. As in previous years, I was very proud of the expert advice and assistance which the Secretariat provided to the host country, and indeed all Member countries, to ensure the integrity and professionalism of the meeting of the Forum’s preeminent decision-making body.

Review of the Pacific Plan

A key issue on the Forum agenda in 2013 was the Review of the Pacific Plan. The independent Review – which had been requested by Forum Leaders in 2012 and was most ably led by Sir Mekere Morauta, a former Prime Minister of Papua New Guinea – involved extensive consultations and produced a detailed report describing the challenges and opportunities facing the Pacific region. With its assessment that regionalism is needed more than ever before to advance the sustainable and equitable development of the Pacific, the Review recommended reforms to the decision-making architecture of the Forum so as to drive high-impact regional integration initiatives. The Forum Secretariat has since commenced an extensive programme of analysis and advice to Members in advance of Forum Leaders’ deliberations on these recommendations in 2014.

Supporting Regional Security Cooperation

Last year represented the 10 year anniversary of the Regional Assistance Mission to the Solomon Islands (RAMSI). RAMSI was founded on the Biketawa Declaration, a high-level framework adopted by Forum Leaders in 2000 which recognises the Forum’s capacity to assist Member countries experiencing security and governance challenges. All Forum Members have been active participants in RAMSI, demonstrating the strength of regional security cooperation in the Pacific. For its part, the Forum Secretariat has continued to provide important policy and coordination support to the Forum’s political oversight mechanisms of RAMSI – being the Enhanced Consultative Mechanism and the Forum Ministerial Standing Committee on RAMSI – and our full-time Forum Representative to Solomon Islands also ensures close collaboration between RAMSI, the Forum and the Solomon Islands Government.

The Biketawa Declaration also provides the foundation for the Forum’s engagement with political developments in Fiji. The Forum Ministerial Contact Group (MCG) on Fiji undertook its 4th mission to Fiji in April since its inception in 2008 and with the support of the Forum Secretariat, Forum Foreign Ministers consulted with a wide range of stakeholders to discuss the progress of Fiji’s return to parliamentary democracy. Drawing on the MCG’s advice, Forum Leaders reiterated their support for Fiji’s early return to democracy and their commitment to revisiting Fiji’s suspension from the Forum after free and fair elections.

Strengthening Regional Trade

Strengthening the region’s trading environment constituted a significant body of work for the Forum Secretariat in 2013. It was pleasing to see increasing participation by Forum Island Countries in the trade liberalisation framework established by the Pacific Islands Countries Trade Agreement (PCTA) and its Protocol on Trade in Services. That said, the full benefit of PCTA is yet to be realised, and I consider that greater engagement, at both the political and technical levels, is required to harness the economic benefits that can flow from these arrangements. The Forum Secretariat also continued to provide support to Pacific Members of the African Caribbean and Pacific (PACP) States group in the important, although admittedly challenging, negotiations with the European Union for an Economic Partnership Agreement (EPA). The Joint Roadmap agreed at the ministerial level in December 2013 between PACP Members and the EU represented an important commitment to concluding a comprehensive EPA in 2014.

Forum Compact on Strengthening Development Coordination

Driving the implementation of the Forum Compact on Strengthening Development Coordination continues to be a key priority for the Forum Secretariat. A central aspect of the Compact is the peer review process which enables Forum Island Countries to discuss and learn from each other, and development partners. It also provides ways to address development challenges through strengthened country systems and effective coordination and utilisation of development resources. Indeed, this initiative was recognised by Sir Mekere in his review of the Pacific Plan as ‘pioneering’ a world-leading peer review system in managing aid and development effectiveness.’ Four peer reviews were completed in 2013, representing the completion of 13 peer reviews in the past four years. Along with public financial reform and other initiatives under the Forum Compact, Pacific Leaders continued to show real leadership and a willingness to improve government systems to deliver more effective and accountable services to their people.

Supporting the Forum’s Advocacy in the International Arena

Forum Members continued to actively advocate regional concerns and positions in international fora, and the Forum Secretariat provided substantial assistance to Members in strategically communicating Forum priorities and interests. We supported Forum Island Countries through the provision of policy advice and briefings in the various global discussions on the Sustainable Development Goals and the Post-2015 Development Agenda, including the preparatory meetings for the UN Conference on Small Island Developing States in 2014. Member countries also drew on our policy and coordination assistance in advocating regionally agreed positions in other fora, including the 57th Session of the UN Commission of the Status, the Conference
of Parties to the UN Framework Convention on Climate Change and the UN Conference on the Arms Trade Treaty.

**Supporting Member Countries to implement regional priorities**

In addition to supporting the Forum architecture through which proposals for regional cooperation and integration are considered and prioritised, the Forum Secretariat both coordinates and provides assistance to Member countries to implement these priorities.

In 2013, the Forum Secretariat provided expert policy assistance to Members individually across the areas of economic growth, sustainable development, good governance and security. Specific examples include: the development of trade policy frameworks; national assessments of climate change financing systems; utilising the Pacific Climate Change Finance Assessment Framework; the ratification and implementation of international human rights treaties; the implementation of the Pacific Regional Strategy on Disability; the implementation of the Pacific Leaders’ Gender Equality Declaration; and the implementation of the Pacific Regional Strategy on Unexploded Ordnance.

Last year also saw the continued strengthening of our assistance to the Smaller Island States in our Members through the training of Smaller Island State Officers in the central government of each SIS. The SIS Officers, who are trained and funded by the Forum Secretariat, provide an important link between the Forum Secretariat and SIS governments in progressing Forum initiatives.

Assistance is also provided to Forum Island Countries through a number of funds which the Forum Secretariat administers on behalf of key partners. For example, the Pacific Environment Community Fund, which was established by the Government of Japan, continued to support projects in all Forum Island Countries providing solar power generation systems and sea water desalination plants.

In 2013 we also made good progress in facilitating consultations on the 11th European Development Fund (EDF), which is the main instrument for the EU’s development cooperation in the Pacific and to which I am entrusted with the significant responsibility of Regional Authorising Officer. These consultations have enabled Member countries and a broad range of stakeholders to identify which regional priorities should be supported by the EDF between 2014 and 2020.

**Facilitating the Forum’s Engagement with Key Partners**

This past year presented valuable opportunities for Forum Members to collectively enhance relationships with key partners. Pacific Island Leaders and Ministers met in Japan in October to review the progress of commitments made by Japan and Pacific Leaders at the Sixth Pacific Island Leaders and Japan Meeting (PALM 6), held in 2012. The Forum Secretariat provided critical coordination and policy support to Forum Island Countries in this process, which seeks, in part, to advance trade and investment opportunities between Japan and the region. High level meetings between Forum Island Countries and Korea and China respectively were also facilitated by the Forum Secretariat, and contributed to promoting the profile of the Pacific to these major economies.

**Continuous Improvement of the Forum Secretariat**

The past year has also seen considerable effort and energy directed to progressing the suite of corporate reforms proposed by our governing council, the Forum Officials Committee, in 2012. Key amongst these has been the establishment of the Audit and Risk Sub-Committee, which is comprised of nominated experts from our Member countries and which is responsible for reporting directly to FOC on the Secretariat’s budget integrity of the financial statements, internal control, planning and risk management processes. The Sub-Committee held its first meeting in November 2013. Among the issues raised in the Sub-Committee’s first report to the FOC in December 2013 were the initial findings of both the external and internal auditors, membership arrears and foreign exchange.

**Conclusion**

In 2013, the Pacific Islands Forum Secretariat remained committed to delivering the best policy advice and service to our Members. I am justifiably proud of our work, which is making a real contribution to sustainable development in the Pacific region across critical sectors and areas of work - security and governance, trade, climate financing, development effectiveness and the post-2015 agenda, and social policy, such as gender and inclusive disability development. The Forum Secretariat is also building real and sustainable partnerships that will increase the effectiveness of our work, including with The Council of Regional Organisations in the Pacific (CROP) agencies, the United Nations, the World Bank and Asian Development Bank. Importantly, as demonstrated by Sir Mekere’s review of the Pacific Plan, this must be a Secretariat that is inclusive, and our work to engage more effectively with civil society organisations and the private sector will be central to our work.

Tuloma Neroni Slade
The 44th Pacific Islands Forum was held in Majuro, the Republic of the Marshall Islands from 3–5 September 2013. Forum Leaders considered an interim report on the review of the Pacific Plan from Sir Mekere, a former Prime Minister of Papua New Guinea and the Eminent Person leading the review. Leaders also endorsed the Majuro Declaration for Climate Leadership. The Declaration highlighted Leaders’ strong political commitment to be a region of Climate Leaders, and sparked a new wave of climate leadership to accelerate the reduction and phasing down of greenhouse gas pollution worldwide.

PACIFIC PLAN REVIEW

In 2011, at a meeting held in Rarotonga, Cook Islands, Forum Leaders agreed to review the Pacific Plan. As a 'living document, the Pacific Plan had to remain relevant to the changing regional and global context for regional integration and cooperation.

Under the leadership of Sir Mekere Morauta, the Pacific Plan Review (the Review) was conducted from December 2012 to October 2013. Sir Mekere and his team of two country officials from Samoa and the Federated States of Micronesia and two consultants travelled to all 16 Forum Island Countries and to New Caledonia and French Polynesia (Associate Members), to hold consultations. They met with Pacific island country Leaders, ministers, officials, regional organisations, development partners, civil society, private sector representatives and academics.

The Review also received a large number of written submissions from around the region. These submissions, along with the Review team’s written outputs and presentations, were made public on a website hosted by the Forum Secretariat (www.PacificPlanReview.org).

To enable country oversight of the Review process, the Forum Secretariat organised a consultative stakeholder meeting in Suva and two meetings of the Pacific Plan Action Committee (in May and August 2013) to consider Review findings. The Secretariat also supported a special meeting between Sir Mekere and Leaders at their annual Forum meeting in Majuro in September 2013.

During his presentation to Leaders, Sir Mekere made clear his view that—despite some areas of notable progress in regional cooperation and service pooling—the Pacific Plan needed a significant overhaul. He called for it to be re-visionsed as a new “Framework for Pacific Regionalism,” firmly guided by Leaders and clearly focused on a small number of priorities for concerted collective action.

The Review team’s final report was submitted at the end of October, outlining 36 recommendations for Leaders’ consideration—many relating to the Forum Secretariat’s future analytical and strategic roles, as well as the shape of the proposed Framework and surrounding processes.

Following direction from the Forum Officials Committee, which met in December 2013 to consider the final Review report, the report was made available to the public on the Review website in a two volume publication.

In 2014, the roll-out of the new Framework for Pacific Regionalism proposed by the Review will involve significant work for the Forum Secretariat team, including working with Members to reform regional processes in support of the shared aspirations of Pacific nations.

In the meantime, work on current Pacific Plan priorities has not been forgotten. A comprehensive annual progress report on sectoral achievements under the Pacific Plan was prepared by the Forum Secretariat, presented to the Leaders’ annual Forum, and published in late 2013, with a special focus on areas of notable success, since the Pacific Plan’s inception in 2005.

With the endorsement of their countries’ governments, two Pacific island representatives—Mrs Peseta Noumea Simi from Samoa, and Mr Redley Killion from the Federated States of Micronesia—were selected for the Review team by a troika of representatives from the past, current, and future Forum Chair countries. The Forum Secretariat also contracted two consultants—Mr Peter Bazeley from the United Kingdom,
and Dr Nick Poletti from New Zealand—to provide analytical support to the team. The Government of Papua New Guinea funded the additional participation of Mr Robert Ipara as a special advisor to Sir Mekere.

Overview

The goal of the Political Governance and Security Programme is to support Member countries realise the Forum Leaders’ Vision for a secure and well-governed Pacific region through the provision of high-quality policy advice, coordination and implementation assistance to Forum Members.

In 2013, the Programme convened important regional meetings to enable Member countries to consider priority security and governance issues and to strengthen regional cooperation in the political, governance and security fields. These included the ministerial level meetings which, variously: oversee the Regional Assistance Mission to the Solomon Islands (RAMSI); engage with the Government of Fiji to encourage its return to parliamentary democracy. The MCG, which was established in 2008, currently comprises Foreign Ministers from Australia, New Zealand, Papua New Guinea, Samoa, Tuvalu and Vanuatu.

The Programme supported Member countries in developing national policies and processes to improve their capacity to address regional security concerns, such as transnational and organised crime and the presence of unexploded ordnance. Member countries were also assisted by the Programme to participate in international processes, such as the United Nations (UN) negotiations for the Arms Trade Treaty (ATT) and the Universal Periodic Review on Human Rights. By facilitating national consultations, regional workshops and training opportunities, the Programme was able to support government officials from Forum island countries in enhancing their capacities, knowledge, skills and networks in a broad range of areas ranging from weapons control to border protection, human rights and legislative drafting.

A number of regional declarations guide the work of the Programme. These include the 1992 Honiara Declaration on Law Enforcement Cooperation, the 2000 Biketawa Declaration, the 2002 Nasonini Declaration on Regional Security and the 2003 Forum Principles on Good Leadership.

The Programme facilitated the visit and meeting of the MCG to Suva, Fiji on 12 April 2013. Consistent with the Forum Leaders’ decisions and commitment, including encouraging and supporting Fiji’s return to parliamentary democracy, the Group met with the Minister for Foreign Affairs and the Attorney General of Fiji, as well as with political leaders, representatives of civil society organisations and trade unions.

Following its visit to Fiji, the Group reported to Forum Leaders on their observations about the progress of the restoration of democracy in Fiji, as well as progress towards holding national elections by September 2014. Forum Leaders subsequently reaffirmed their longstanding offer to support Fiji’s early return to parliamentary democracy, including through the provision of appropriate assistance consistent with the Forum’s underlying principles and values of respect for democracy, good governance and the rule of law. Leaders expressed a commitment to revisit Fiji’s suspension from the Forum after free and fair elections in line with the Forum Leaders’ decisions.

Consistent with the Forum Leaders’ decisions, the Programme supported the Forum’s mechanisms for political oversight of the Regional Assistance Mission to Solomon Islands. These include the Enhanced Consultative Mechanism on RAMSI and the Forum Ministerial Standing Committee on RAMSI. The Secretariat also deploys a full-time Forum Representative to the Solomon Islands, who forms part of a triumvirate comprising senior officials from RAMSI and the Government of Solomon Islands that monitors RAMSI’s activities in line with the Forum Leaders’ decisions.

The membership of the Enhanced Consultative Mechanism and Forum Ministerial Standing Committee comprises: (i) the Forum Troika of present, outgoing and incoming Forum Chairs; (ii) Permanent Members Australia and Papua New Guinea; and (iii) the Government of Solomon Islands, RAMSI and the Forum Secretariat. At the time of the 2013 Enhanced Consultative Mechanism and Forum Ministerial Standing Committee meetings, the Forum Troika comprised Cook Islands, New Zealand, and Republic of the Marshall Islands.

The transition of RAMSI’s development assistance programmes to bilateral arrangements and other donor programmes commenced from 1 July 2013. In light of this transition, Ministers proposed changes to the regional oversight mechanisms
for RAMSI, including the conclusion of the Forum Ministerial Standing Committee process and retention of the Enhanced Consultative Mechanism. Forum Leaders subsequently endorsed these changes at their meeting in Majuro in September 2013.

RAMSI also celebrated its tenth anniversary on 23 July 2013. The event marked a significant and historic milestone for the people and Government of the Solomon Islands, as well as for the Pacific region, celebrating a decade of steadfast partnership and cooperation between the Government of the Solomon Islands and the Regional Assistance Mission to Solomon Islands.

**Forum Ministerial Committee to New Caledonia**

The Programme coordinated the visit of the Forum Ministerial Committee to New Caledonia from 17 to 19 July 2013. The Committee was established in 1990 to ‘monitor events within New Caledonia as it moves towards an Act of Self Determination and to ensure that the Forum would be able to monitor the progress of the implementation of the Matignon Accords’. The composition of the Committee has evolved over time, and in 2013 it comprised the Hon. Henry Puna, Prime Minister of Cook Islands and Forum Chair, accompanied by the Secretary General and Secretariat staff.

The Committee undertook extensive and inclusive consultations with key stakeholders across New Caledonia during its visit, including the President of New Caledonia and members of his Cabinet, other political representatives, traditional leaders and diplomatic representatives. The Committee’s visit served to advise Forum Leaders at their meeting in Majuro, Republic of Marshall Islands of New Caledonia’s progress under the Noumea Accord, and the opportunities for increasing cooperation between the Forum and New Caledonia.

**Forum Regional Security Committee**

From 5 to 6 June 2013, the Secretariat convened the annual meeting of the Forum Regional Security Committee (FRSC) - the Forum’s principal meeting on regional political, security and governance issues. The 2013 FRSC meeting brought together senior representatives of Forum Member Countries, as well as representatives from regional law enforcement and legal agencies, and international agencies operating in the security and law enforcement field.

At its 2013 meeting, the FRSC considered, amongst other matters: progress made to implement the Regional Unexploded Ordnance Strategy; Forum Island Countries’ efforts to enhance the accountability of their security sector through the development of national security policies; and significant security and law enforcement issues affecting the Pacific region, including illegal fishing, and cyber and transnational crimes. Members also considered progress made in implementing international legal regimes against terrorism and terrorist financing, as well as the Forum Secretariat’s work in relation to human rights, the Biketawa Declaration, and conflict prevention.

**Pacific Islands Forum – Civil Society Organisations Dialogue on Conflict, Peace and Security Issues**

In 2009, the Programme established a dialogue process for strengthening engagement with civil society organisations on conflict, peace and security issues in line with a decision of the FRSC at its 2009 meeting. The Dialogue provides an opportunity for civil society organisations to raise issues of concern directly with Members and Secretariat staff to inform policy-making through the FRSC process.

The Forum Secretariat partnered with the Secretariat of the Pacific Community’s Regional Rights Resource Team (SPC-RRRT) to convene, from 6 to 10 May 2013, a weeklong regional dialogue with civil society organisations. Discussions focussed primarily on human rights issues as they relate to conflict, peace, and security issues.

**Providing advice and assistance on regional security and governance priorities**

The Programme coordinates research, development of regional policy positions and the provision of technical assistance on security and governance issues which Member countries have identified as a priority.

**Transnational and organised crime**

An important regional resource developed by the Programme is the annual Pacific Transnational Crime Assessment. This annual assessment provides an analysis of current and emerging transnational and organised crime issues affecting Forum Island Countries, and consolidates quantitative and qualitative data provided by regional law enforcement and related agencies. The Pacific Transnational Crime Assessment is used to inform and guide the discussions of the FRSC, as well as the annual meetings of the regional law enforcement organisations in addressing transnational crime issues and in supporting national capacity building.

The 2013 assessment highlighted a number of significant risks and case studies of different types of transnational criminal activity occurring in the region. To address increasing human trafficking activities in the region, the Programme convened jointly with the UN Office of Drugs and Crime (UNODC) and the Pacific Immigration Directors’ Conference a Regional Trafficking in Persons Workshop in Suva, Fiji from 17 to 19 June 2013. The workshop brought together law enforcement officials and representatives of community organisations that provide support to trafficked victims to improve national capacities to investigate and prosecute human trafficking activities. Participants agreed to participate in an informal Pacific trafficking in persons network (to be supported by UNODC) through which information, experiences and intelligence can be shared.

**Counter-terrorism**

Supporting Forum Member countries in their efforts to meet national obligations under international counter-terrorism instruments and to address challenges posed by potential terrorist threats remains a high priority for the Programme.

On 4 June, the Programme convened and co-chaired, with the Government of New Zealand, the Working Group on Counter Terrorism in Suva, Fiji. Member countries were able to identify priority counter-terrorism issues and access the latest information and developments in the counter-terrorism sphere, including technical assistance from the Asia Pacific Group on Money Laundering (APG), UNODC and the UN 1540 Committee’s Group of Experts.

In June 2013, the Secretariat also co-chaired with the APG Secretariat a joint annual meeting of Pacific Islands Forum APG Members, Observers, and providers of technical assistance and training to discuss capacity building activities. It also provided funding for, and participated in, an APG and Australian Transaction Reports and Analysis Centre (AUSTRAC) Regional Anti-Money Laundering and Terrorist Financing workshop for Pacific Islands Countries to build the capacity of officials to understand the revised Financial Action Task Force Standards and discuss real case studies of money laundering links with other types of criminal activity (4 - 8 March, Brisbane, Australia). In light of the Secretariat’s work with Forum Island Countries in the anti-money laundering field, the Association of Pacific Islands Financial Intelligence Units invited the Secretariat to become a formal observer of the Association. One of the key roles of the Programme includes assisting Forum Island Countries implement and enforce the Financial Action Task Force standards to combat money laundering and the financing of terrorism.
Security sector governance

Forum Members have in recent years recognised the value of strengthening civilian oversight of national security and law enforcement bodies and, through the FRSC, endorsed a project promoting ‘security sector governance’, delivered jointly by the Forum Secretariat and the UNDP Pacific Centre.

In May 2013, the Programme and the UNDP Pacific Centre convened a regional meeting to enable officials from Forum Member countries to consider their knowledge of the principles and practices of security sector governance. Officials were able to access expert technical advice from the Geneva Centre for the Democratic Control of Armed Forces, the Asia Pacific Centre for Security Studies and UNDP to prepare national security policies, and draft regional security sector governance principles. Civil society organisations working in the security sphere also participated in the meeting, ensuring that a wide range of experiences and perspectives were presented and considered.

Unexploded ordnance

The Forum’s Regional Strategy on Unexploded Ordnance, which was endorsed by Forum Members in 2012, aims to improve coordination between national administrations, donors and demining organisations to mitigate and remove the threats posed by the presence of unexploded ordnance in many Forum Island Countries. Since its inception, the Strategy has proved valuable in generating a significant increase in demining activities in the region.

In 2013, the Programme continued to assist Forum Member countries to increase their knowledge of the principles and practices of security sector governance. The Programme offers assistance to Members to: review and amend national firearms laws; and, improve the management of international transfers of small arms and light weapons (SALW).

Support in funding and facilitation assistance for specific activities, and regularly provides funding support and facilitation assistance for specific activities, and regularly attends and presents at regional capacity-building workshops.

Weapons control

Combating the illicit trade and use of small arms and light weapons (SALW) has been a long-standing regional security concern. To support Forum Members in this regard, the Programme offers assistance to Members to: review and amend national firearms laws; and, improve the management of international transfers of small arms and light weapons (SALW). The Programme also participates in consultations to develop a regional model law on the ATT, an initiative of the Government of New Zealand.

The region’s concern to prevent the proliferation of weapons more generally prompted the Forum’s development of a common negotiating position in the UN negotiations for an Arms Trade Treaty. In 2013, the Programme supported Members in advocating the common Forum position, which had been endorsed by the FRSC in 2012, at the final negotiation conference in New York, March 2013. The constructive role played by Forum Member States of the UN in the ATT negotiations was subsequently commended by Leaders at the 2013 Forum meeting in Republic of the Marshall Islands.

In 2013, the Programme supported Members in reviewing and amending national firearms laws to combat illicit trade and use of small arms and light weapons (SALW). The Programme also provided training and technical advice on Strengthening Information Management and identified options for further enhancing regional collaboration between police, customs and immigration. As part of an FRSC-endorsed initiative, in November 2013 the Programme led a team of law enforcement experts to assess the inter-agency information management and intelligence capacity of the Kingdom of Tonga and assisted in developing the capacity of its national law enforcement agencies.

Capacity building for law enforcement agencies

The Programme provides information to Members about capacity building initiatives provided by donors and regional and international organisations for law enforcement agencies in Forum Island Countries. The Programme also provides funding support and facilitation assistance for specific activities, and regularly attends and presents at regional capacity building workshops.

Law enforcement information

The Programme supports the Working Group on Strengthening Information Management which was established by the FRSC in 2010 as a mechanism for developing and coordinating initiatives to strengthen the management of law enforcement information. Improving the management of information collected by national and regional law enforcement agencies is an important component of improving Members’ ability to coordinate activities to prevent and investigate transnational crime.

In 2013, the Programme coordinated and hosted a meeting of the Working Group (29 - 31 October, Apia, Samoa) to coordinate activities for 2014. The Group agreed to develop standard national law enforcement intelligence products to guide strategic and operational activities, and identified options for further enhancing regional collaboration between police, customs and immigration. As part of an FRSC-endorsed initiative, in November 2013 the Programme led a team of law enforcement experts to assess the inter-agency information management and intelligence capacity of the Kingdom of Tonga and assisted in developing the capacity of its national law enforcement agencies.

Weapons control

Combating the illicit trade and use of small arms and light weapons (SALW) has been a long-standing regional security concern. To support Forum Members in this regard, the Programme offers assistance to Members to: review and amend national firearms laws; and, improve the management of international transfers of small arms and light weapons (SALW). The Programme also participates in consultations to develop a regional model law on the ATT, an initiative of the Government of New Zealand.

The region’s concern to prevent the proliferation of weapons more generally prompted the Forum’s development of a common negotiating position in the UN negotiations for an Arms Trade Treaty. In 2013, the Programme supported Members in advocating the common Forum position, which had been endorsed by the FRSC in 2012, at the final negotiation conference in New York, March 2013. The constructive role played by Forum Member States of the UN in the ATT negotiations was subsequently commended by Leaders at the 2013 Forum meeting in Republic of the Marshall Islands.

In 2013, the Programme supported Members in reviewing and amending national firearms laws to combat illicit trade and use of small arms and light weapons (SALW). The Programme also provided training and technical advice on Strengthening Information Management and identified options for further enhancing regional collaboration between police, customs and immigration. As part of an FRSC-endorsed initiative, in November 2013 the Programme led a team of law enforcement experts to assess the inter-agency information management and intelligence capacity of the Kingdom of Tonga and assisted in developing the capacity of its national law enforcement agencies.

Capacity building for law enforcement agencies

The Programme provides information to Members about capacity building initiatives provided by donors and regional and international organisations for law enforcement agencies in Forum Island Countries. The Programme also provides funding support and facilitation assistance for specific activities, and regularly attends and presents at regional capacity building workshops.

Law enforcement information

The Programme supports the Working Group on Strengthening Information Management which was established by the FRSC in 2010 as a mechanism for developing and coordinating initiatives to strengthen the management of law enforcement information. Improving the management of information collected by national and regional law enforcement agencies is an important component of improving Members’ ability to coordinate activities to prevent and investigate transnational crime.

In 2013, the Programme coordinated and hosted a meeting of the Working Group (29 - 31 October, Apia, Samoa) to coordinate activities for 2014. The Group agreed to develop standard national law enforcement intelligence products to guide strategic and operational activities, and identified options for further enhancing regional collaboration between police, customs and immigration. As part of an FRSC-endorsed initiative, in November 2013 the Programme led a team of law enforcement experts to assess the inter-agency information management and intelligence capacity of the Kingdom of Tonga and assisted in developing the capacity of its national law enforcement agencies.

Capacity building for law enforcement agencies

The Programme provides information to Members about capacity building initiatives provided by donors and regional and international organisations for law enforcement agencies in Forum Island Countries. The Programme also provides funding support and facilitation assistance for specific activities, and regularly attends and presents at regional capacity building workshops.

Law enforcement information

The Programme supports the Working Group on Strengthening Information Management which was established by the FRSC in 2010 as a mechanism for developing and coordinating initiatives to strengthen the management of law enforcement information. Improving the management of information collected by national and regional law enforcement agencies is an important component of improving Members’ ability to coordinate activities to prevent and investigate transnational crime.

In 2013, the Programme coordinated and hosted a meeting of the Working Group (29 - 31 October, Apia, Samoa) to coordinate activities for 2014. The Group agreed to develop standard national law enforcement intelligence products to guide strategic and operational activities, and identified options for further enhancing regional collaboration between police, customs and immigration. As part of an FRSC-endorsed initiative, in November 2013 the Programme led a team of law enforcement experts to assess the inter-agency information management and intelligence capacity of the Kingdom of Tonga and assisted in developing the capacity of its national law enforcement agencies.
In 2013, the Programme continued to coordinate and fund an in-country, inter-agency programme of Border Security Training, a joint initiative of the Department of Immigration and Citizenship of Australia, Immigration New Zealand, Oceania Customs Organisation, the Pacific Immigration Directors’ Conference and the Forum Secretariat. The training aims to enhance the capacity of Forum Island Countries to effectively manage their borders, and targets the full spectrum of people working in this area, including staff from immigration, customs, police, quarantine, civil aviation, ports and fisheries authorities, and airlines. Three countries received the Border Security Training in 2013: Tonga (22 – 24 April), Tuvalu (25 – 27 July) and Niue (24 – 26 September).

The Programme also funded the attendance of officials from Forum Island Countries to participate at the Regional Document Examination and Principle Application training conducted by the Department of Immigration and Citizenship of Australia and Immigration NZ (9 – 13 September, Nadi, Fiji).

Sexual and gender based violence

The Pacific Islands Forum Reference Group to Address Sexual and Gender Based Violence (SGBV) comprises government officials and representatives of international and regional organisations and civil society who provide high-level advice to Member countries about ways to strengthen national responses for the eradication of SGBV. The in-country missions and activities of the Group, which was established in 2009, are coordinated and supported by the Programme.

In 2013, the Programme commissioned, on behalf of the Group, a scoping study to identify methodologies for undertaking economic analyses of the cost of violence against women in the Pacific context. The Reference Group endorsed two types of methodology, which will in turn form the basis for further research and policy work on SGBV in Kiribati and Solomon Islands in 2014. The Programme also supported regional training to raise awareness of the different aspects and dimensions of SGBV and build capacities of Pacific Islanders working in this field.

International human rights treaties

Since 2012, the Programme has managed a European Union grant of €1 million over three years for an EU - PIFS project ‘Assistance towards increasing the rate of Pacific Island Countries’ Ratification and Implementation of Human Rights Treaties’. The Forum Secretariat works with the Secretariat of the Pacific Community Regional Rights Resource Team and the Office of the High Commissioner for Human Rights to deliver assistance under the project.

Key achievements under the project in 2013 included the convening of in-country human rights consultations in three countries: Vanuatu (1 – 6 July); Palau (15 – 19 July); and Niue (15 – 21 November). The national human rights consultations brought together government officials and representatives of civil society organisations to discuss what measures can be taken to improve compliance with international human rights treaties.

The Programme also provided assistance to Tuvalu, Papua New Guinea and Palau – through facilitating consultations, research and analysis – in ratifying the Convention on the Rights of Persons with Disabilities (CRPD). In the case of Palau, this assistance also included participation in the government’s review of its national laws and its compliance with the CRPD. The Programme also assisted Palau with the preparation of its initial report on the CRPD for submission to the CRPD Committee.

Technical and financial assistance is also provided to Forum Island Countries to prepare for their participation in the Universal Periodic Review on Human Rights. In 2013, the Programme worked with the Governments of Vanuatu and Tuvalu in drafting their national reports to the UN Human Rights Council in preparation for their appearances before the Council in 2014.

Regional human rights mechanism

Following a process of consultations over the past few years (including discussions in the FRSC), in May 2013 the Programme convened the inaugural meeting of the Regional Human Rights Mechanisms Working Group. The role of the Working Group is to consult and examine the viability of establishing a regional human rights mechanism. The Working Group currently comprises representatives from the governments of Tonga, Vanuatu, Samoa and Palau, and a representative each from SPC, a civil society organisation, the UN Office of the High Commissioner for Human Rights and the Forum Secretariat. The three-year work plan for the Group was further developed at its second meeting held in December 2013.

Legislative review and drafting

The Secretariat recruited a new Legislative Drafting Officer in August 2013. Assistance provided includes: providing direct legislative drafting assistance to the government law offices of Forum Island Countries; coordinating the provision of legislative drafting services by appropriate national, regional and international organisations to government law offices; and facilitating professional development training for legislative drafters.

In 2013, the Programme funded six government lawyers from Forum Island Countries to undertake the University of the South Pacific’s Professional Diploma in Legislative Drafting. The Programme also worked with government law offices to progress initiatives under the 2012 Regional Action Plan for Sustainable Legislative Drafting Capacity Building.

Developing partnerships

The Programme works to advance partnerships between the Forum and its stakeholders within and beyond the Pacific region.

Engagement with the UN

The United Nations and Pacific Islands Forum enjoy very good working relations, that have continued to develop and strengthen over the years. This is founded on the status of the Pacific Islands Forum as a UN recognised international intergovernmental organisation and on the reciprocal observer status held by the UN in the Pacific Islands Forum, and vice versa. The Pacific Islands Forum was granted Observer status in the United Nations on 17 October 1994. The United Nations was granted Observer status to the Forum in 2006.

Over the past years, the Programme has endeavoured to attend relevant meetings of the United Nations to ensure continuity of enhanced coordination and cooperation between the UN system and the Pacific region. The Programme facilitated arrangements for the participation of a Forum delegation, led by Secretary General Tuiloma Neroni Slade, to the 68th Session of the UN General Assembly General Debate in September 2013.

The UNDP and other relevant UN offices have regular contacts with the Forum Secretariat in dealing with crisis prevention and recovery; governance issues; the post-2015 Development Agenda and the Millennium Development Goals, climate change and economic development issues. The development and implementation of the Pacific Plan (2004) for strengthening regional cooperation and integration provided an effective basis for focusing and coordinating policy and
programme support of the United Nations to the Pacific region, particularly in the deliverance of a wide range of activities across the four pillars of the Pacific Plan: economic growth, sustainable development, good governance and security.

Consultations between officials from the UN and the Forum Secretariat have also been undertaken at UN-Regional Organisations High Level meetings and other organised arrangements. A bi-annual provisional agenda item on the General Assembly titled “Cooperation between the United Nations and the Pacific Islands Forum” provides the General Assembly with a clear political mandate to pursue activities that can enhance cooperation between the two Organisations.

Regional Law Enforcement and Legal Organisations

Within the region, the Programme continued to strengthen its relationships with regional law enforcement and legal organisations, participating and presenting at their annual meetings, including: the Pacific Islands Law Officers’ Network (5 – 6 November, Nuku’alofa, Tonga); Oceania Customs Organisation (30 April – 3 May, Nuku’alofa, Tonga); Pacific Islands Chief of Police (26 – 29 August, Rarotonga, Cook Islands); Pacific Transnational Crime Network Board of Management Meeting (26 August, Rarotonga, Cook Islands); and Asia Pacific Group on Money Laundering (15 – 19 July, Shanghai, China).

The Inter-Regional Dialogue on Democracy

The Programme also continued to develop useful working relationships with other regional organisations and the inter-governmental organisation International IDEA through its participation in the Inter-Regional Dialogue on Democracy. This initiative of International IDEA brings together regional organisations to exchange information on their mechanisms, policies and research concerning democracy, and to advance inter-regional understanding and collaboration on regional support for democratic processes and institutions. In 2013, the Forum Secretariat participated in the 3rd High Level Meeting of the Inter-Regional Dialogue, which was hosted by the European Union and focused on the theme ‘Upholding and strengthening the Rule of Law in our Regions’. The Programme also participated in the Inter-Regional Workshop on Regional Organisations, the Rule of Law and Constitutional Governance (The Hague, Netherlands, 16-17 October 2013).

Advising on institutional and legal issues

The Programme is the focal point within the Secretariat for advice and assistance on the Forum’s institutional arrangements, including the Forum’s policy on admission of associate members and observers, as well as its constituent treaties, being the 2000 Agreement Establishing the Pacific Islands Forum Secretariat and the 2005 Agreement Establishing the Pacific Islands Forum. The Programme also supports the Secretary General in his role as Depositary for nine regional treaties, and provides State Parties and the wider public with information on their status, including through regular updates on the Forum Secretariat website.

RAMSI has been, without a doubt, a true regional exercise in solidarity and a shining example of regionalism … an exemplary model and demonstration of what can be achieved through a well-calibrated and collective response, skills and abilities of our Pacific peoples, and cooperative spirit of the Pacific region.

The Forum Chair, Honourable Henry Puna, Prime Minister of the Cook Islands

Canoe on Mapi Island, FSM, owned by famous Pacific navigator Mao Pialug.
ECONOMIC GOVERNANCE

Overview

The Economic Governance Programme provides high quality economic and trade policy advice to Members, coordinates and reports to the Forum Ministerial Meetings on Economics and Trade, and facilitates the Private Sector Dialogue engagements. The Programme facilitates the implementation of the Pacific Islands Countries Trade Agreement (PICTA) and its expansion to include trade in services, and the negotiations of the Economic Partnership Agreement (EPA) with the European Union and the Pacific Agreement on Closer Economic Relations (PACER Plus). It also works with Members to deliver a range of economic reforms and trade-related assistance, including support for trade policy frameworks and securing Aid for Trade.

In response to limited national capacities and an increasingly complex international environment, the focus of the Programme is to increase understanding of the economic challenges facing the region and use its expertise to assist Members in the development of appropriate national, sub-regional and regional interventions. In addition, the Programme partners with other development agencies to facilitate assistance on economic and trade measures, and private sector engagement to Members where no internal capacity exists.

Economic

The Forum Economic Ministers Meeting (FEMM) was held in Nuku’alofa, Tonga on 3 to 5 July, 2013. The theme for the 2013 FEMM was “Leveraging Opportunities for Sustainable Development.” Ministers recognised the importance of realising the opportunities for progressing economic development and regional and inter-regional economic cooperation, especially with emerging Asian economies.

Discussions on instituting prudent macroeconomic policies to withstand adverse shocks, the economic empowerment of women, the economic costs of Non-Communicable Diseases, food security, private sector development, access to finance, climate change issues, services trade liberalisation, public financial management and stronger collaboration between FICs, regional agencies and development partners in policy making were the core subjects of engagement at the Ministerial meeting leading to the development of the 2013 FEMM Action Plan. The Waiheke Declaration Technical Working Group supports the Ministers’ leadership role in sustainable economic development.

Trade

The Forum Trade Ministers Meeting (FTMM) held in Apia, Samoa on 19 July 2013 considered priority regional trade-related issues. They included engagement in the World Trade Organization (WTO), activities of the Pacific Islands Trade and Invest (PTAI) network, Traditional Knowledge and Intellectual Property, the Pacific Agreement on Closer Economic Relations (PACER Plus), and trading arrangements with economies outside the region. The renew and refresh process of the Pacific Aid for Trade Strategy, Trade and Health Linkages, and the Secretariat’s work programme on trade were also discussed.

The renewal and strengthening of the Memorandum of Understanding (MoU) between the Forum Secretariat and the WTO to provide capacity building programmes for FICs was welcomed by the Ministers. The Pacific Islands WTO Group to coordinate and present FIC positions on issues of common interest in the WTO was established in 2013. Ministers endorsed the roadmap to progress the PACER Plus negotiations urging further engagement and rapid progress to finalize chapters and annexes on all aspects of trade in goods as a priority, and commence negotiations on trade in services and on investment bearing in mind the positive contribution they could make to the economies of the FICs. The Pacific ACP Trade Ministers also met in May, October and December 2013 primarily to advance the PACP Economic Partnership Agreement negotiations with the European Union.

Promoting Economic Growth and Development Policy

The Programme provides in-country technical assistance and support to member countries to support economic growth. In 2013, the Federated States of Micronesia and the Republic of the Marshall Islands requested support for the 2023 Planning Committee and economic forecasting, respectively. The Federated States of Micronesia 2023 Planning Committee was established in 2012 to plan and undertake critical reforms for fiscal sustainability post-US Compact grants, which is envisaged to expire in 2023. The Programme, along with the Asian Development Bank, provided support to the Federated States of Micronesia on Compact Trust Fund projections, expected reforms and policies to ignite economic growth. The Programme supported work on economic forecasting and building of basic fiscal models in the region.

The focus of the 2013 Forum Trade Ministers Meeting (FTMM) was to consider priority trade-related issues of importance to the region.
Republic of the Marshall Islands. In Kiribati, the Programme provided advice to the Parliamentary Select Committee on Climate Change on ways to access further funding.

The Programme is also a part of a combined effort to improve the awareness, knowledge and use of cost-benefit analysis. Known as the Pacific Cost Benefit Analysis, this scheme has built on the skills and experience in regional agencies. The delivery of specific training and mentoring is expected in 2014.

Women’s Economic Empowerment

Initiated under the Waiheke Declaration, which was endorsed by Leaders at their Meeting in Auckland in 2011, the Programme provides an increased focus on women’s economic empowerment. In 2013, the Forum Secretariat launched a survey-based study on Gender participation at State-Owned Enterprises in all Forum Island Countries to understand the contribution of women as entrepreneurs and factors that affect their participation in State-Owned Enterprises boards in the region. This study is expected to be concluded in 2014 and presented at the 2014 Forum Economic Ministers Meeting (FEMM).

Building the Trade Agenda: Pacific Islands Closer Trade Agreement (PICTA)

The Programme worked to promote regional trade integration by finalising the PICTA Trade in Services Protocol and fully implementing the PICTA.

Ten countries have signed the PICTA Trade in Services Protocol: Cook Islands, Federated States of Micronesia, Kiribati, Nauru, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Samoa and Nauru became the first two countries to also ratify the Protocol.

At the end of 2013, the PICTA Trade in Goods treaty had been signed by 12 countries: Cook Islands, Fiji, Kiribati, Federated States of Micronesia, Nauru, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. All of the signatory states have also ratified the treaty except for the Federated States of Micronesia, with Palau and Republic of the Marshall Islands yet to sign.

PICTA Plus Negotiations

At the Sixth PICTA Plus Officials Meeting held in Auckland, New Zealand on 28 November 2013, Officials considered and noted discussions from the inter-sessional meetings on the common priority issues including Sanitary and Phytosanitary (SPS), Technical Barriers to Trade (TBT), Trade in Goods, Labour Mobility, Development Assistance, Rules of Origin, Trade in Services, Investment, and Institutional Issues. Officials were encouraged to engage in the negotiations, taking into account the Roadmap to progress the PICTA Plus negotiations endorsed by the FTMM in July 2013. Officials also agreed at that meeting to revisit the outstanding issues at future inter-sessional meetings to advance PICTA Plus negotiations, including through teleconferences. Officials supported efforts to achieve the ambitious target set by FIC Trade Ministers of finalising the PICTA Plus legal text by the end of 2014.

As part of the PICTA Plus negotiation process of engaging with Non-State Actors in the region, the Third Non-State Actors Dialogue on PICTA Plus with the theme of “Deepening Engagement on PICTA Plus” was convened on 29 November 2013 in Auckland. The Dialogue and NSA perspectives on PICTA Plus, and focused on ways to deepen consultation between the NSAs and national governments during the process of negotiating PICTA Plus.

Trade Negotiations on the Comprehensive Economic Partnership Agreement

As the regional organisation with the mandate to provide technical advice and support on trade related issues to the Forum Island Countries, the Programme supported the Pacific African, Caribbean and Pacific countries (PACP) region in the continuing negotiations on the comprehensive Economic Partnership Agreement with the European Union (EU). In 2013, a total of 19 meetings were successfully convened to progress negotiations at the technical, senior officials and ministerial level. These meetings were critical in achieving progress on a number of contentious provisions in the comprehensive Economic Partnership Agreement legal text. Fisheries issues remained a significant challenge in the negotiations in 2013 and a concerted effort will be required from both parties to address the issues in this very important area of the negotiations.

The main highlight of 2013 was the convening of the Joint PACP-EU Ministerial Meeting on 12 December 2013 between the PACP Trade and Fisheries Ministers and the EU Commissioner for Trade, Mr Karel De Gucht, in Honiara, Solomon Islands. This was the first ministerial level meeting between the Pacific/African Caribbean Pacific States (PACPS) and the EU since 2007. A key outcome from this meeting was agreement on a Joint Roadmap between the PACP and EU to conclude the negotiations on the comprehensive Economic Partnership Agreement in 2014.

World Trade Organisation (WTO) and Geneva Support Office

The Programme promoted global trade integration by increasing PACP country participation in the World Trade Organisation and by providing support to Pacific Island Countries through the Geneva Secretariat’s Geneva Office. With funding support from Forum Members and through the Integrated Technical Assistance Project (ITAP), the Office of the Delegation of the Forum Secretariat to the WTO in Geneva implemented a number of activities in 2013 to facilitate the multilateral integration of Pacific Island Countries into the global economy. Key activities included:

- A regional workshop on Trade Facilitation Needs Assessment for individual Pacific Island WTO Members;
- Facilitation of the effective participation of Pacific Trade Ministers at the 4th Global Aid for Trade Review;
- Technical support to Pacific Trade Ministers in preparation for, and during, the 9th WTO Ministerial Conference in Bali in December 2013. The conference resulted in the endorsement of the Bali Package, including measures for ensuring Least Developed Countries trade and the post-Bali Doha Development Agenda negotiations; and
- Hosting a number of Pacific government officials for six and 10 month internship programmes that were fully funded by the WTO Secretariat.

The Geneva Office worked closely with the Solomon Islands Permanent Mission, Commonwealth Small States Office, ACP Geneva Group and other international organisations in Geneva in 2013. With Samoa and Vanuatu concluding their accession to WTO in 2012, PITAP achieved the aim of six PACP WTO member countries well before the 2014 deadline.

Formulation of Trade Policy Frameworks

The Programme, in partnership with the Hub and Spokes Programme of the Commonwealth Secretariat, has been assisting Forum Island Countries to formulate and implement Trade Policy Frameworks (TPFs). TPFs support Forum Island Countries in their effective participation in international trade through better coordination between government departments, the private sector and civil society. In addition, the TPFs also assist Forum Island Countries in mainstreaming trade into their national development strategies and plans while identifying constraints in key sectors of their economy, and recommend solutions to address the production and supply-side constraints, as well as other trade related challenges affecting their performance. Their objective is to create an environment that is conducive for private sector development and work towards the eventual outcome of achieving sustainable and inclusive economic growth and development in Member States.
The Programme’s engagement with the respective Forum Island Countries in the formulation of TPFs involves recruiting technical experts to prepare the main report, and undertaking in-country consultations with government agencies, the private sector, development partners, non-state actors and civil society organisations. The Programme also assists with the quality assurance of the TPF outputs as well as provides ongoing technical advice and support to Forum Island Countries in the formulation and implementation of TPFs. Using the TPF Matrix, the Programme works with all trade and development partners and assists Forum Island Countries to mobilise resources that are required to implement the TPFs.

In 2013, the Secretariat began work on the formulation of TPFs for Tuvalu, Solomon Islands and Cook Islands. In addition to this, the Forum Secretariat progressed work on the formulation of the TPFs for Fiji and Niue. Nauru’s cabinet endorsed its TPF in June 2013 and the Secretariat worked with the Government of Nauru in putting in place a plan of action to assist in implementing the recommendations contained in the Nauru TPF. By end 2013, four Forum Island Countries had completed their TPFs which are at various stages of implementation.

A list of the ongoing work on the TPFs currently being undertaken by the Programme is provided in Table 1.

<table>
<thead>
<tr>
<th>Countries</th>
<th>Status on development of Trade Policy Frameworks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federated States of Micronesia</td>
<td>Trade Policy Framework completed and endorsed by Cabinet in 2011</td>
</tr>
<tr>
<td>Republic of Marshall Islands</td>
<td>Trade Policy Framework completed and endorsed by Cabinet in 2012</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>Trade Policy Framework completed and endorsed by Cabinet in 2012</td>
</tr>
<tr>
<td>Nauru</td>
<td>Trade Policy Framework completed and endorsed by Cabinet in June 2013</td>
</tr>
<tr>
<td>Cook Islands</td>
<td>Commenced development of Trade Policy Framework process in 2013</td>
</tr>
<tr>
<td>Tuvalu</td>
<td>Commenced development of Trade Policy Framework process in 2013</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>Commenced development of Trade Policy Framework process in 2013</td>
</tr>
<tr>
<td>Niue</td>
<td>Trade Policy Framework in finalisation process and endorsement expected in 2014</td>
</tr>
<tr>
<td>Fiji</td>
<td>Trade Policy Framework in finalisation process and endorsement expected in 2014</td>
</tr>
<tr>
<td>Kiribati</td>
<td>To commence development of Trade Policy Framework process in 2014</td>
</tr>
<tr>
<td>Palau</td>
<td>To commence development of Trade Policy Framework process in 2014</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Countries</th>
<th>Status on development of Trade Policy Frameworks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federated States of Micronesia</td>
<td>Trade Policy Framework completed and endorsed by Cabinet in 2011</td>
</tr>
<tr>
<td>Republic of Marshall Islands</td>
<td>Trade Policy Framework completed and endorsed by Cabinet in 2012</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>Trade Policy Framework completed and endorsed by Cabinet in 2012</td>
</tr>
<tr>
<td>Nauru</td>
<td>Trade Policy Framework completed and endorsed by Cabinet in June 2013</td>
</tr>
<tr>
<td>Cook Islands</td>
<td>Commenced development of Trade Policy Framework process in 2013</td>
</tr>
<tr>
<td>Tuvalu</td>
<td>Commenced development of Trade Policy Framework process in 2013</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>Commenced development of Trade Policy Framework process in 2013</td>
</tr>
<tr>
<td>Niue</td>
<td>Trade Policy Framework in finalisation process and endorsement expected in 2014</td>
</tr>
<tr>
<td>Fiji</td>
<td>Trade Policy Framework in finalisation process and endorsement expected in 2014</td>
</tr>
<tr>
<td>Kiribati</td>
<td>To commence development of Trade Policy Framework process in 2014</td>
</tr>
<tr>
<td>Palau</td>
<td>To commence development of Trade Policy Framework process in 2014</td>
</tr>
</tbody>
</table>

Table 1: State of Play on the Formulation of TPFs in the Pacific Region

Promotion of Trade and Investments

The Secretariat’s Trade & Invest promotion arm continued to support private sector growth in the region through a vision for a better future and prosperity for Pacific Islands communities through increased trade and investment. The Pacific Islands Trade & Invest (PT&I) network of offices played an essential role in supporting Pacific exporters expand their markets. The PT&I presence in Auckland, Beijing, Geneva, Sydney and Tokyo continued to be strengthened. In 2013, a comprehensive review of the PT&I network was initiated with the view to assess its capacity and options for strengthening the network.

The PT&I offices are committed to increasing trade development and promotion, and investment through direct engagement with the private sector in the region. The return on investment is evident in the year-on-year results achieved across the areas of export promotion, trade and investment facilitation, and the promotion of trade, including a focus on promotion of tourism and creative arts in international markets in favour of the Pacific Islands. A detailed report on the achievements of the PT&I network is published separately.

The Programme also worked to build the capacity of exporters operating under new trade frameworks and develop greater capacity to promote trade and investments in Pacific, African Caribbean Pacific States. With combined funding support from The Pacific Integration Technical Assistance Project (PITAP) and other donors, the Pacific Island Private Sector Organisation (PIPSO) conducted training in financial planning and management, marketing and quality standards for 87 companies in Fiji, Samoa, Solomon Islands and Tonga in conjunction with national trade, investment and business development agencies. PIPSO also carried out gap analyses for four companies in Tonga, which helped identify areas such as quality standards and hygiene that needed improvement.

Almost 100 private sector representatives benefited from Rules of Origin training workshops in Solomon Islands, Tonga and Vanuatu in late 2013. The training was funded by PITAP and conducted by PIPSO in conjunction with the Oceania Customs Organisation Secretariat. The workshops covered rules of origin in the various trade agreements currently before the region such as the intra-regional Pacific Islands Countries Trade Agreement (PICTA) and the Pacific Agreement on Closer Economic Relations (PACER Plus) with Australia and New Zealand - and how these impact on trade. Further training workshops on Rules of Origin for other Pacific Island countries were planned for 2014.

Connecting North and South Pacific was the focus of the 4th Private Sector Dialogue workshop held in Majuro, Republic of the Marshall Islands in the margins of the Forum Leaders Meeting. Private sector representatives from around the Pacific region discussed the challenges of transport in the region, and the importance of investments in effective transport and efficient and regular connectivity solutions to facilitate the mobility of resources including goods, services, technology, capital and people between the Pacific islands. The Dialogue participants had a robust discussion with the Forum Leaders on transport related issues.

Aid for Trade

The Programme improved coordination and engagement to increase Aid for Trade and effectively implement European Development Fund (EDF) funds and programmes.

The Forum Secretariat worked to build the capacity of exporters operating under new trade frameworks and develop greater capacity to promote trade and investments in Pacific ACP States.
A significant undertaking in 2013 was the review and refresh of the Consolidated Pacific Aid for Trade Strategy for PACPS. It aimed to address the region’s trade-related challenges in a more coordinated manner. The refresh of the Pacific Aid for Trade Strategy was identified as a key priority by PACP Trade Ministers at their meeting in August 2012 in Nuku’alofa, Tonga.

The key objectives of the Strategy and its accompanying matrix was to identify the gaps in Aid for Trade and assist the PACPS to develop a list of priority activities based on national and regional needs. This project resulted in the formulation of a costed implementation matrix for the various trade agreements, specifically, the PICTA Trade in Goods Agreement, the Melanesian Spearhead Group Trade Agreement, the Micronesian Trade Committee Memorandum of Understanding and the current draft of the comprehensive Economic Partnership Agreement legal text. Further to this, project proposals for five regional projects were formulated based on the common needs of the PACP member states as reflected in their national matrices which will be utilised in the programming activities to be undertaken in preparation for the 11th European Development Fund Regional Indicative Programme for the Pacific.

As part of the review process of the Pacific Aid for Trade strategy, the Programme held comprehensive consultations with a wide range of Aid for Trade stakeholders at both national and regional levels to develop a revised Strategy, which covers the period 2014 – 2017. A final draft of the new Pacific Aid for Trade Strategy will be presented for endorsement at a meeting of trade ministers in 2014.

The Strengthening of Pacific Economic Integration through Trade (SPEITT) Programme continued to be implemented by the Programme. The overall objective of the SPEITT Programme is to increase regional economic integration and cooperation in PACP countries. The PITAP, a component of SPEITT is implemented by the Programme for which a separate report is produced annually.

**Regional Authorising Officer role**

The Secretariat in its role as the Regional Authorising Officer continued to support the Pacific ACP States and various implementing agencies in accessing the EDF resources.

The Pacific Regional Indicative Programme (PRIP) projects were effectively supported and the Secretariat worked with mPACP States, technical agencies and the European Union Delegation to ensure that the PRIP under the 10th EDF was fully allocated for the region’s development priorities. The Secretariat also facilitated access to additional EDF projects under the Intra-ACP and thematic allocations to complement the work being undertaken by various technical agencies.

In 2013, the Secretariat also continued engagement with the EU and PACP States regarding consultations on the framework for the programming of the 11th EDF funds. The EDF is the main instrument for the EU’s development cooperation in the Pacific and the Secretariat has ensured that an inclusive and consultative approach is taken involving all relevant stakeholders in identifying the regional priorities to be supported by the 11th EDF between 2014 and 2020.
Overview

The Strategic Partnership and Coordination Programme provides high quality advice and services on a range of key areas of importance to Members. In particular, it supported the review of the Pacific Plan that was implemented from 9 December 2012 to October 2013 (refer to key highlights at page x). It also coordinates the Forum Compact on Strengthening Development Coordination, including support to peer reviews, Millennium Development Goal (MDG) tracking, and assessing efforts of development partners in the region. It also manages the Council of Regional Organisations in the Pacific (CROP) coordination, and engagement with key development partners and the United Nations; provides policy advice on climate finance and natural resources; and coordination to Small Island States.

Implementation of the Forum Compact on Strengthening Development Coordination

In 2013, the Forum Secretariat collaborated with Forum Island Countries and development partners to implement the Forum Compact (also known as the “Cairns Compact”). As a tool for implementing the priorities of the Pacific Plan, the key objective of the Compact is to drive more effective coordination of available development resources from Forum Island Countries and all development partners to accelerate progress toward achievement of the Millennium Development Goals (MDGs). As in previous years, two main Forum Compact reports were produced: the 2013 Pacific Regional MDGs Tracking Report; and the 2013 Tracking the Effectiveness of Development Efforts in the Pacific Report.

2013 Pacific Regional MDGs Tracking Report

The 2013 Pacific Regional MDGs Tracking Report - the fourth annual report produced under the Forum Compact - was completed with the assistance of the MDGs Technical Working Group, comprising the Secretariat of the Pacific Community (SPC), UNDP, United Nations Population Fund (UNFPA), United Nations Economic and Social Commission for the Asia and the Pacific (UNESCAP), Asian Development Bank and three country representatives – Papua New Guinea, Solomon Islands and Tuvalu.

Apart from assessing the MDG progress of Forum Island Countries, this year’s Report focused on a detailed assessment of the region’s progress towards promoting gender equality and empowering women, scrutinising progress on the gender-related MDGs – education, employment, the economy and poverty; political representation; health and the environment. The detailed assessment on gender and the MDGs reinforce the notion that gender equality and empowering women is central to achieving all the MDGs. The Report also examines the case studies of three Forum Island Countries that adopted the UNDP MDG Acceleration Framework. Tonga is applying the MDG Acceleration Framework towards combating non-communicable diseases (Non-Communicable Diseases – MDG 6.c), with links to poverty (MDG 1) and gender equality and empowering women (MDG 3). Vanuatu is focussed on reducing adolescent births and the unmet need for family planning (MDG 5), while Tuvalu is focussed on improving the quality of education (MDG 2).

In addition, the Report highlights the Pacific perspectives on the post-2015 agenda and Sustainable Development Goals (SDGs). With the MDGs set to expire in 2015, global discussions are well under way on what is to replace the MDGs, termed the ‘post-2015 development agenda’. In a parallel process, the Rio+20 Summit held in Rio de Janeiro in June 2013, recognised the importance and utility of developing a set of SDGs that would be coherent and integrated with the post-2015 development agenda.

A key related global process called for at the Rio+20 Summit was the convening of a Third International Conference on the Sustainable Development of Small Island Developing States (SIDS) in Samoa, 1-4 September, 2014. Outcomes of the Pacific Regional Preparatory Meeting towards the 2014 SIDS Conference indicated the key issues for the Pacific region on the post-2015 agenda and SDGs: climate change; health; especially Non-Communicable Diseases; social development; governance; infrastructure; sustainable energy; oceans; international support for SIDS; sustainable resource management and protection; inclusive and sustainable economic management; and means of implementation and partnerships. The Forum Secretariat is worked closely through the CROP Sustainable Development Working Group to coordinate briefs and policy in support of the Conference, to be held in 2014.

2013 Tracking the Effectiveness of Development Efforts in the Pacific Report

The theme for the 2013 Tracking the Effectiveness of Development Efforts Report was sustaining progress and moving forward. The report promoted a more coherent and programmatic approach to supporting Forum Island Countries, particularly in planning and aid management.

All 13 Forum island country peer reviews were completed by November 2013. This achievement, within four years of Leaders endorsing the Forum Compact, is testimony to the strong political leadership in the Pacific, at not only the political, but also the technical, level in governments. Nine Forum Island Countries have served on the peer reviews, with Vanuatu and Samoa having provided officials for six of these.

In 2013 peer reviews were held in Palau, Solomon Islands, Cook Islands and Samoa, with follow-up visits to Tonga and the Republic of Marshall Islands.

The Forum Secretariat acknowledges the five development partners that were selected by the Forum Island Countries - UNDR Australia, World Bank, UNESCO and New Zealand - and thanks them for releasing their senior officials to undertake this process. As in 2012, the Forum Compact reports were disseminated widely to all member states and development partners. Updated short DVDs were used to brief Prime Ministers/Presidents, Cabinets and senior government officials in Forum Island Countries.

Overall good progress has been identified in the reviewed countries, especially in strengthening ownership of national development agendas, aid management capacities and public financial
management systems. There was emerging good practice in some Forum Island Countries on managing their donor relationships. Some development partners were increasingly engaging in joint missions. Remaining issues are ongoing capacity limitations in terms of numbers and skill sets, especially in smaller island states. Institutional issues remain regarding planning and public financial and aid management in some countries, although there were plans or active attempts to address those issues.

At the global level, the Forum Secretariat and Samoa continued to represent the region in global discussions through Steering Committee meetings to shape the global governance, implementation and monitoring of the Busan Commitment, and in making links to regional and national levels in the Pacific.

Other regions have expressed an interest in learning from the experience with the Forum Compact, peer reviews, MDGs tracking, public financial management reforms and annual reporting to Pacific leaders. Opportunities for inter-regional sharing of experience will be explored in 2014.

Partners Relations

The Pacific Island Countries/Development Partners (PIC/Partners) Meeting continues to provide a forum to foster and promote regional dialogue between Forum Members, active development partners in the region and civil society representatives. In addition, it provides an inclusive and open dialogue between diverse stakeholders with equally diverse expectations in addressing effective development coordination. In view of the composition of this annual meeting, a range of development issues were considered in 2013, including the two main regional tracking reports on the MDGs and the effectiveness of development efforts in the Pacific; reports on improving access and management procedures for climate change financing; south-south and triangular cooperation in strengthening development coordination; the Pacific aid for trade strategy; infrastructure and engagement with civil society organisations and the private sector.

Post Forum Dialogue

The Post Forum Dialogue (PFD) remains an important mechanism to foster high level regional dialogue on strategic political issues of mutual interest between Forum Members and their PFD partners. Following the Forum Leaders decision in 2006 to revise the format of the dialogue to enable more targeted discussions and engagement, issues considered at the 2013 dialogue included climate change leadership and support to the Majuro Declaration on Climate Leadership; the Pacific Plan Review and its implications on PFD partners; and, regional preparations for the SIDS Conference being held in Samoa.

In 2013, Cuba was added to the family of Post Forum Dialogue partner members, bringing the total PFD membership to fifteen partners - Canada, Cuba, People’s Republic of China, European Union, France, India, Indonesia, Italy, Japan, Republic of Korea, Malaysia, Philippines, Thailand, United Kingdom and the United States. It is anticipated that more expressions of interest are forthcoming from partners to be considered for PFD membership.

The Secretariat supported three High Level bilateral meetings between Forum Members and PFD Partners. These included the 2nd PALM Ministerial Intermediate Meeting with Japan, held from 25-26 October; the 2nd Republic of Korea-Pacific Island Countries Senior Officials meeting; and the 2nd China-Pacific Island Countries Ministerial Economic Forum held in Guangzhou Province.

Council of Regional Organisations of the Pacific (CROP) Coordination

CROP coordination has focused efforts on supporting Pacific Island Countries in a number of international processes, namely preparations for the SIDS Conference, to be held in Samoa, September 2014 and negotiations on the Post-2015 development agenda and sustainable Development Goals. At a regional level, CROP agencies have contributed substantively through the provision of technical assistance and policy advice through its seven CROP thematic working groups. Through these working groups, efforts to strengthen coordination of delivery and policy coherence are considered and acted upon.

The Secretary General of the Forum Secretariat is the Permanent Chair of the Council of Regional Organisations. The nine members of CROP are:

- Pacific Islands Forum Fisheries Agency
- Pacific Islands Development Programme
- Secretariat for the Pacific Community
- Pacific Islands Forum Secretariat
- Secretariat of the Pacific Regional Environment Programme
- South Pacific Tourism Organisation
- University of the South Pacific
- Pacific Power Association
- Pacific Aviation Safety Office

United Nations Engagement

The United Nations and the Pacific Islands Forum enjoy very good working relations, and have continued to develop and strengthen this relationship over the years. This is founded on the status of the Pacific Islands Forum as an UN-recognised international intergovernmental organisation and on the reciprocal observer status held by the UN in the Pacific Islands Forum. The Pacific Islands Forum was granted Observer status in the United Nations on 17 October 1994. The United Nations was granted Observer status to the Forum in 2006.

Over the past years, the Forum Secretariat has endeavoured to attend relevant meetings of the United Nations to ensure continuity of enhanced coordination and cooperation between the UN system and the Pacific region. The Forum Secretariat facilitated arrangements for the participation of a Forum Secretariat delegation led by Secretary General Tuiloma Neroni Stade, at the 68th Session of the UN General Assembly General Debate in September 2013.

The UNDP and other relevant UN offices have regular contacts with the Forum Secretariat in dealing with crisis prevention and recovery, governance issues, the post-2015 Development Agenda and the MDGs, climate change, and economic development issues. The development and implementation of the Pacific Plan (2004) for strengthening regional cooperation and integration provided an effective basis for focusing and coordinating policy and programme support of the United Nations to the Pacific region, particularly in the delivery of a wide range of activities across the four pillars of the Pacific Plan: economic growth, sustainable development, good governance and security.

Engagement with Non-State Actors

With funding support from the Pacific Integration Technical Assistance Programme (PITAP), the Forum Secretariat made progress in engaging Non-State Actors (NSAs) such as national and regional civil society groups, private sector and think tank organisations, the Pacific Islands Private Sector Organisation, Pacific Conference of Churches and Pacific Island Association of Non-Government Organisations.

The Secretariat worked closely with the EU during the year to finalise a dedicated €4m programme of support to NSAs, which will start in 2014 and focus on building the capacity and supporting the ability of NSAs to participate effectively in regional policy formulation and processes.

Ocean Policy

The Forum Secretariat’s 2013 work on ocean policy focused on supporting the Secretary General in his role as Pacific Ocean Commissioner. 2013 began with the South Pacific Ocean Commissioner co-chairing a South-West Pacific Regional Workshop. This workshop brought regional and national stakeholders together from throughout the Pacific with the aim of supporting UN System efforts to produce a

The Pacific Ocean Commissioner has also been involved in the Global Partnership for Oceans (GPO), spearheaded by the World Bank. With over 120 partners on board, including several Forum Island Countries and numerous civil society and industry practitioners, the GPO is shaping up to be a major initiative to foster global collaboration and action. The Pacific Ocean Commissioner continues to act on the Interim Steering Committee for the Partnership and was elected to a high-level Blue Ribbon Panel which determined the selection criteria and geographical focus for the GPO’s programme. The Panel also prepared ‘Indispensable Ocean’, a report that provides guidance to the Global Partnership for Oceans on sustainable ocean investment, and strategies for ocean health and human wellbeing. The Secretariat’s ongoing engagement in these processes will help ensure that regional activities planned under the GPO are adequately resourced and build upon existing mechanisms and institutions.

With interest in Deep Sea Minerals (DSM) increasing in the Pacific, the Forum Secretariat has begun to engage in this sector. The Secretariat attended the EU-SPC Applied Geoscience and Technology Division Deep Sea Minerals Workshop on the potential social impacts of DSM activities. High-level and widespread engagement at this meeting by all Pacific Island Countries indicates that this industry is likely to develop quickly in the Pacific and remain high on the political agenda for the foreseeable future.

Finally, the Secretariat continued to participate in the Marine Sector Working Group (MSWG), particularly to develop an implementation plan and secure funding for the Framework for a Pacific Oceanscape. This will be instrumental as the region tracks towards the 3rd International Conference on Small Island Developing States, (GIDS 2014) where Oceans are anticipated to feature high on the political agenda.

Climate Financing
As mandated by Leaders, climate change financing will remain a key focus area for the Forum Secretariat. It will be underpinned by a focus on national country assessments, in collaboration with partners to explore options that Forum Island Countries can pursue to improve access to, and management of, climate change resources.

In 2013, the Forum Secretariat supported the development of the Pacific Climate Change Financing Assessment Framework, which built on the Nauru Case Study. The Framework sets out a comprehensive method for assessing issues relating to climate change financing, and selects the most appropriate approaches to addressing climate change financing in country-specific circumstances. It builds on other existing international and regional methodology such as the Climate Public Expenditure and Institutional Review and the Forum Compact, and assesses six dimensions: funding sources, policies and planning, public financial management and expenditure, institutions, human capacity and development effectiveness. The Framework also provides a road map for replication in other Forum Island Countries and is expected to be applied in the Republic of the Marshall Islands in the first quarter of 2014, followed by Tonga later in 2014, in partnership with UNDP.

The Secretariat supported the Government of Vanuatu, in collaboration with the UNDR to undertake a rapid assessment for attaining national implementing accreditation status under the Kyoto Protocol Adaptation Fund in August.

In 2013, the Forum Secretariat’s work on climate change financing in the Pacific was published as a case study in the Commonwealth Governance Handbooks 2013/14.

A regional training course was provided to Forum Member Countries in late May 2013 to help Forum Island Countries understand how to progress climate change financing issues at the country level. The Pacific Climate Change Financing Workshop was held from 30 May to 1 June in Nadi, co-hosted with The Secretariat of the Pacific Regional Environment Programme (SPREP) and supported by Australian Aid.

The Forum Secretariat has been a key stakeholder in conferences and meetings of the UNFCCC, the Green Climate Fund and the Global Environment Facility. The Secretary General of the Pacific Islands Forum Secretariat also represented the interests of the region through his membership in the High Level Advisory Committee of the Climate Justice Dialogue. Through a joint-CROP effort led by SPREP, Pacific Island Countries were assisted with a Pacific Pre-COP 19 preparatory workshop in Apia in October, and during the November meeting in Warsaw for UNFCCC COP negotiations.

The Secretariat specifically focused its support to Pacific Island Countries on climate finance under the COP negotiations with an aim to support countries in directly accessing international climate change resources. This work will continue during 2014.
The Forum Secretariat manages and administers the operations of the Taiwan/ROC-PIF Scholarship Scheme and the Taiwan/ROC Regional Development Assistance programme, which provides support to CROP agencies for existing or new regional development projects.

A Letter of Offer signed between the Secretariat and the Taiwan/ROC formalised a grant of USD$500,000 for the continued implementation of the scholarship scheme in 2012/13. To ensure the predictability of funding and implementation of the scholarship scheme, the Forum Secretariat continues to consult with the government of Taiwan/ROC to progress to a multi-year funding agreement programme.

At the end of 2013, two students from Fiji and Tuvalu completed their studies under the scholarship scheme. Two other students have completed their formal studies; they are currently on six-month practical attachments and are expected to graduate in 2014.

Funding for the implementation of the Taiwan/ROC Regional Development Assistance programme was delayed in 2013.

Development Cooperation Fund

The Forum Secretariat administers the Republic of Korea-Pacific Islands Forum Development Cooperation Fund under a multi-year Memorandum of Understanding signed between the Republic of Korea and the Secretariat to support primary health care and education in Forum Island Countries. Over the three years (2011 – 2013) of Phase 2 of the Fund, the Republic of Korea provided USD$1.3 million, to support regional capacity-building and training of primary health care practitioners through a technical partnership between Fiji’s National University College of Medicine, Nursing and Health Sciences and the Seoul National University Hospital. A total of 87 health officials and 10 policy officials from Forum Island Countries directly benefited from training programmes run under Phase 2. The Forum Secretariat will consult with the Republic of Korea and Forum Island Countries on funding and key focus areas for the Republic of Korea-Pacific Islands Forum Development Cooperation Fund Phase 3, in 2014.

Pacific Environment Community (PEC) Fund

The Forum Secretariat coordinates the USD$66 million (approximately ¥6.8 billion) Pacific Environment Community (PEC) Fund, launched by the Government of Japan at the PALMS Summit in 2009. Each Forum Island Country is provided with an allocation of USD$4 million to support projects that provide solar power generation systems and sea water desalination plants or a combination of both. In 2013, significant progress was made to assist countries to gain access to their individual PEC Fund allocations. With USD$45 million out of the available USD$54 million PEC Fund allocation committed through 13 projects across 12 countries, the focus for Members has been on implementing projects on the ground.

Achievements over the past year resulted in residents of Pacific communities benefiting from PEC Fund projects with the installation of solar systems and salt water desalination plants. In Fiji and Solomon Islands, the installation of 3,000 solar homes systems (1,000 in Fiji and 2,000 in Solomon Islands) was nearly completed, with households now accessing electricity for lights and basic electrical appliances. Power utilities in Samoa and Niue are expected to generate electricity from their PEC funded grid-connected solar photovoltaic (PV) systems installed in 2013. The installation of Niue’s 200 Kilowatt Peak (kWp) grid-connected solar PV system with battery storage and Samoa’s 400kWp grid-connected solar PV system will be completed within the first quarter of 2014.

Fiji, Tuvalu and Nauru residents now enjoy access to an additional source of safe drinking water with the installation of salt water desalination plants in various island locations commissioned in 2013. Fiji, Tuvalu and Nauru residents now enjoy access to an additional source of safe drinking water.

Financing Agreements were signed between the Forum Secretariat and the Republic of Marshall Islands as well as Vanuatu in 2013. The Republic of Marshall Islands will begin implementation of its second project: the installation of 78 street lights in Majuro. Vanuatu has begun a project to install a solar-powered desalination plant on the island of Aniwa and a desalination plant on the island of Aniwa, Tonga and Papua New Guinea continued to make significant progress in the development of their project proposals, which will be submitted in early 2014 for further consideration.

The PEC Fund has encouraged a coordinated approach to the utilisation of resources and increased collaboration between Members and development partners. For instance, since the inception of the PEC Fund, resources have been leveraged between Members and development partners such as World Bank, UNDP, United Arab Emirates, Asia Development Bank, Global Environment Facility, and International Union for Conservation of Nature, SPC, and Secretariat of the Pacific Regional Environment Programme (SPREP).

Smaller Island States (SIS)

The Forum Secretariat continues to prioritise the special interests and development challenges facing the seven Smaller Island States (SIS): Cook Islands, Kiribati, Nauru, Niue, Palau, Republic of the Marshall Islands and Tuvalu. The Forum Secretariat provides support to the annual SIS Leaders and Officials meetings with a view to facilitate consideration of SIS perspectives in Forum Leaders’ decisions. SIS officers located throughout the region act as the focal point between the Secretariat and SIS member countries.

The Forum Secretariat’s role is to implement SIS Leaders’ decisions, which in 2013 included: addressing youth employment opportunities; improving SIS countries’ capacities to benefit from tourism; engaging development partners to...
potentially increases support for the SIS Development Fund; ensuring strategic participation of SIS in key global meetings; advocating for the special needs of SIS in addressing the threats from climate change; and ensuring adequate provisions of air and sea transport amongst SIS countries.

**SIS Development Fund (SISDF)**

The SIS Development Fund (SISDF) provides short-term financial support to SIS countries in their efforts to meet their development goals. In 2013, the SISDF supported efforts of the SIS by funding:

- participation in key regional and international leaders’ meetings
- promotion of traditional weaving knowledge and resource and vegetation mapping activities in Republic of the Marshall Islands
- facilitation of health outreach programmes in Kiribati
- advocating non-violence against women at the international Civil Society Organisations symposium for Republic of the Marshall Islands
- strengthening local government and supporting the alignment of community development priorities with national priorities in Tuvalu
- contributing to the Disaster Emergency Trust Fund in Cook Islands.

**Social Policy**

In 2013, the Forum Secretariat’s social policy programme focused on general education, disability and gender issues. In addition, the Forum Secretariat partnered with the Secretariat of the Pacific Community (SPC) and other development partners to strengthen the regional health architecture through the development of a Regional Health Framework. Partnerships were strengthened among CRoP agencies and other development partners working in the education sector towards the implementation of a monitoring and evaluation framework for the Pacific Education Development Framework (PEDF) as approved by Forum Education Ministers in 2012.

**Education Sector**

The Forum Secretariat, with support from the Australian Agency for International Development (AusAID) and other CRoP and international agencies, convened a regional workshop in Nadi, Fiji in July/August to finalise the Monitoring & Evaluation Framework of the Pacific Education Development Framework (PEDF) as approved by Forum Education Ministers in 2012.

**Pacific Regional Strategy on Disability**

In the area of disability, the Forum Secretariat was supported by the Pacific Disability Forum (PDF) and UNESCAP in a joint mission to Tonga, Papua New Guinea and Republic of the Marshall Islands to either review or develop their national disability policy. With the continuing funding support for the implementation of the Pacific Regional Strategy on Disability (PRSD) which is part of the Australian Aid (AusAID) Programme, consultations were conducted in these countries with the participation of persons with disabilities and their representative organisations. The Secretariat secured the support of the SPC for all, “The Gender Declaration captures the aspirations we all have for a more just society, built on the respect and promotion of human rights for all.”

Tuiulama Neroni Stade, Secretary General, Pacific Islands Forum Secretariat

**Gender Equality**

The gender policy initiatives in the region in 2013 focus primarily on the Forum Secretariat’s key programmes supporting the implementation of the Leaders Gender Equality Declaration, endorsed at their meeting in the Cook Islands in 2012. The 2013 MDG tracking Report, which complemented the 2012 Leaders Gender Equality Declaration, highlighted the high prevalence of violence against women and girls, restrictions placed on women’s human and legal rights and inequalities faced by women with disabilities.

Following the Leaders’ direction, the Forum Secretariat, SPC, AusAID, and the New Zealand Aid Programme developed a performance monitoring framework to track progress on the Declaration. The framework highlights country trends on an annual basis as they progress towards achieving results in the key areas identified by the Forum Leaders.
A Regional Consultation on Changing Attitudes and Behaviour and Women’s Economic Empowerment was completed in partnership with AusAID in 2013, which saw participation and strategic conversations with more than 100 women. In line with the Leaders’ commitment to women’s leadership and decision making, the Forum Secretariat, in partnership with the UNDP Pacific Centre, completed a series of women’s practice parliaments in countries that were going into elections, including Palau and Solomon Islands.

At the regional level, the first meeting of the CROP Gender Working Group (Broader Partnerships) was convened in Rarotonga, Cook Islands on 26th October 2013. At this inaugural meeting, partners focused on the next steps for the planned review of the Revised Pacific Platform for Action (RPPFA) for the Advancement of Women and Gender Equality (2005-2015).

Efforts to strengthen Pacific engagement at the Commission on the Status of Women was initiated in 2013. The Forum Secretariat, in partnership with UN Women, convened a Preparatory Meeting/Training for Members from 5-7 February 2013. The Secretariat with a funding grant toward “Strengthening Pacific Women’s leadership and Access to Global Decision Making Processes” supported participation of the Prime Minister of Tuvalu, National Women’s Directors from Tonga, Kiribati, Tuvalu and a senior officer from Samoa.

The Secretariat provided support towards the 12th Women’s Triennial and 5th Ministerial Meeting and a high-powered delegation led by the Deputy Secretary General developed and presented a number of papers.
Corporate Services supports staff to deliver quality services to the wider region. Improving what we do and how we do it is a key contribution to organisational effectiveness.

Organisational Development

The Forum Secretariat began implementing an integrated planning and reporting framework in 2013 with the aim of reviewing and strengthening its strategic planning and operating processes.

To support its Corporate Plan and Programme Strategic Plans, the Forum Secretariat is developing a series of team business plans which allow managers and their staff to clearly identify what their team does and how this fits into the Forum Secretariat’s wider goals and objectives.

The team plans will also help provide a framework under which will sit a new individual performance and recognition programme.

Human Resources

Following a review of existing processes, and consultation with staff, a more robust Human Resources Strategy was developed that matched global best practice and aligned the Secretariat’s Corporate and Strategic plans.

Implementation of the Human Resources strategy began in 2013 with several initiatives mainstreamed into existing Human Resources processes. These included the outsourcing of recruitment of senior management positions and the introduction of an online recruitment process for all other positions.

This has led to a more streamlined, efficient and consistent recruitment system.

Finance

In 2013, the Inaugural Meeting of the Audit and Risk Sub-Committee of the Forum Officials Committee was held, which led to a comprehensive report to the Forum Officials Committee (FOC) highlighting areas requiring attention. The Forum Secretariat has also appointed Price Waterhouse Coopers as its internal auditor. The company’s initial assessment has provided invaluable feedback and insights into how the Secretariat can best manage risks.

Procurement training was provided for all Secretariat staff.  

A new approach to preparing the 2014 annual work programme and budget also started the move towards results-based budgeting. This was submitted to the FOC and unanimously approved.

The Financial Services team commenced a review of the Secretariat’s travel processes and regulations, with the objective of being able to deliver a more cost-efficient and effective travel process.

Information Management

The Information Management Office initiated the transfer and set up of all hard copies of Financial Services’ files to a designated Finance Archives location in 2013. Work to digitise all financial records began.

The digitisation project and conversion of all vital records to electronic format continued in 2013 and approximately 80 per cent of records have now been digitised.

The Information Management Office and IT team began work on a new Intranet for the Secretariat.

Information Technology

2013 saw the rollout of multifunctional printers, so that the Forum Secretariat can track printing costs and supplies, and an upgraded programme to the Secretariat’s servers, which are now housed in a dedicated secure climate-controlled facility.

Work on Microsoft Systems Centre Configuration Manager was completed and the Forum Secretariat can now remotely scan and deploy software, updates, patches and antivirus updates on all staff laptops. In 2013, the introduction of wireless overhead projectors and motorised screens for the main conference rooms improved the quality of the meeting support services the Secretariat is now able to provide.

Property Services

In 2013, Property Services completed the following works:

- Maintenance on four of the seven office blocks in the Forum Secretariat’s compound including the main conference centre;

Property Services staff continues landscaping works around the compound.

Corporate Services supports staff to deliver quality services to the wider region. Improving what we do and how we do it is a key contribution to organisational effectiveness.
• Work on five of the compound’s residences has helped achieve a 100 per cent occupancy rate and improved rental return (compared to a 55 per cent occupancy rate in 2012);
• Completion of a new fuel storage shed and new driveway addition; installation of new water tanks and pumps to residences; a new service ramp in the main conference centre and two new disabled ramps at Buildings 3 and 2; landscaping works around the compound; maintenance on the staff changing room; and a new, basic staff gym.
• In support of the Secretariat’s Green Policy, all lighting within the headquarters and residences was changed to low energy Light Emitting Diodes, which has reduced energy consumption and power costs.

Legal Services

The provision of in-house legal support to management and staff, including in areas of contractual, employment and compliance work continued in 2013.

The Forum Secretariat finalised the Internal Regulations, Policies and Procedures Policy in 2013 and an Internal Regulations, Policies and Procedures Committee was established, chaired by Deputy Secretary General, Economic Governance and Political Governance and Security Programme. This has led to a project to review and revise all the Forum Secretariat’s policies and procedures in 2014.
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012.

During the year, we expended FJ$833m compared to budgeted expenditure of FJ$673m, while our total cash and investment holdings at year end amounted to FJ$1033m.

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 2012 financial year.

In my opinion:

(a) 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 2012;

(b) 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 2012, and

(c) 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 2012.

Dated at Suva this 1st day of August 2013

Tuiloma Neroni Slade  
Secretary General

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 2012, 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 2012 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.

/ Chartered Accountants  
Suva, Fiji 2013
### General Fund Statement of Comprehensive Income

**For the Year Ended 31 December 2012**

<table>
<thead>
<tr>
<th>Note</th>
<th>2012 Revised Budget</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FJD</td>
<td>FJD</td>
<td>FJD</td>
</tr>
</tbody>
</table>

#### Ince
- Contributions from members: 2,408,426 FJD
- Interest: 652,265 FJD
- Recoveries income: 840,139 FJD
- Administration fees received: 2,709,749 FJD
- Other income: 12,182 FJD

#### Expenditure
- Economic Governance: 139,273 FJD
- Political Governance and Security: 360,301 FJD
- Strategic Partnerships and Coordination: 195,547 FJD
- Corporate Services: 4,606,183 FJD
- Management of the Secretariat: 2,316,534 FJD

#### Total Ince
8,302,799 FJD

#### Total Expenditure
8,302,799 FJD

#### Income
- Contributions from members: 2,408,426 FJD
- Interest: 652,265 FJD
- Recoveries income: 840,139 FJD
- Administration fees received: 2,709,749 FJD
- Other income: 12,182 FJD

#### Total Income
8,302,799 FJD

#### Surplus of income over expenditure
533,560 FJD

This statement 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](http://www.forumsec.org)

### Consolidated Statement of Financial Position

**As at 31 December 2012**

<table>
<thead>
<tr>
<th>Note</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FJD</td>
<td>FJD</td>
</tr>
</tbody>
</table>

#### Current assets
- Cash and cash equivalents: 87,623,440 FJD
- Held-to-maturity investments: 15,536,491 FJD
- Inventories: 14,459 FJD
- Receivables – members: 964,924 FJD
- Other receivables and prepayments: 844,645 FJD
- Total current assets: 104,983,859 FJD

#### Non-current assets
- Property, plant and equipment: 7,834,792 FJD
- Intangible assets: 111,044 FJD
- Total non-current assets: 7,945,836 FJD

#### Total assets
112,929,695 FJD

#### Current liabilities
- Current payables: 2,316,680 FJD
- Contributions received in advance – Trust Fund: 92,351,968 FJD
- Deferred income – General Fund: 1,010,802 FJD
- Total current liabilities: 95,679,450 FJD

#### Non-current liabilities
- Deferred income – General Fund: 2,527,006 FJD
- Total non-current liabilities: 2,527,006 FJD

#### Total liabilities
98,206,456 FJD

#### Net assets
14,723,239 FJD

#### Accumulated and reserve funds
- General fund: 6,218,693 FJD
- Exchange translation reserve: 2,783,976 FJD
- Capital reserve: 6,720,570 FJD
- Total accumulated and reserve funds: 14,723,239 FJD

**For the Pacific Islands Forum Secretariat**

Tulima Neroni Slade
Secretary General

Lusiana Tuivaniuvou
Acting Director Corporate Services
7 March – 24 July 2013

### Consolidated Statement of Cash Flows

**For the Year Ended 31 December 2012**

<table>
<thead>
<tr>
<th>Note</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FJD</td>
<td>FJD</td>
</tr>
</tbody>
</table>

#### Cash flow from operating activities
- Contributions from members: 3,737,882 FJD
- Trust Fund income: 28,758,119 FJD
- Programme and project costs: 42,850,588 FJD
- Other operational costs: 3,010,919 FJD
- Interest received: 963,655 FJD
- Rent and other income: 653,433 FJD
- Realised exchange gain/(loss): 40,164 FJD
- Net cash flow (used in) operating activities: (21,814,191) FJD

**Property, plant and equipment**
10
7,834,792 FJD
8,038,951 FJD

**Intangible assets**
11
111,044 FJD
140,414 FJD

**Total non-current assets**
12
7,945,836 FJD
8,179,365 FJD

**Total assets**
13
112,929,695 FJD
139,824,539 FJD

**Current liabilities**
14
2,316,680 FJD
2,107,756 FJD

**Contributions received in advance – Trust Fund**
15
92,351,968 FJD
117,833,584 FJD

**Deferred income – General Fund**
16
1,010,802 FJD
2,274,305 FJD

**Total current liabilities**
17
95,679,450 FJD
122,215,645 FJD

**Non-current liabilities**
18
2,527,006 FJD
2,274,305 FJD

**Total non-current liabilities**
19
2,527,006 FJD
2,274,305 FJD

**Total liabilities**
20
98,206,456 FJD
124,489,950 FJD

**Net assets**
21
14,723,239 FJD
15,334,589 FJD

**Accumulated and reserve funds**
22
6,218,693 FJD
6,450,340 FJD

**Exchange translation reserve**
23
2,783,976 FJD
2,873,786 FJD

**Capital reserve**
24
6,720,570 FJD
6,010,463 FJD

**Total accumulated and reserve funds**
25
14,723,239 FJD
15,334,589 FJD

Tuilima Neroni Slade
Secretary General

Lusiana Tuivaniuvou
Acting Director Corporate Services
7 March – 24 July 2013
Cash flow from investing activities
Proceeds from sale of property, plant and equipment 74,750 1,100
Payments for property, plant and equipment (444,948)(502,835)
Movement in held to maturity investments (3,873,007) 1,839,954
Net cash flow from/(used in) investing activities (4,243,295) 1,338,219
Effect on exchange rate changes (2,159,334) (183,633)
Net (decrease) in cash held (28,216,820) (666,239)
Cash at the beginning of the year 115,840,260 116,506,499
Cash at the end of the year 587,623,440 115,840,260

This statement 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.fj

Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2012

<table>
<thead>
<tr>
<th></th>
<th>2012 Revised Budget</th>
<th>2012</th>
<th>2012</th>
<th>Eliminations</th>
<th>2012</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>4,008,426</td>
<td>4,008,426</td>
<td></td>
<td>-</td>
<td>4,008,426</td>
</tr>
<tr>
<td>Interest</td>
<td>859,520</td>
<td>702,801</td>
<td>205,549</td>
<td>-</td>
<td>908,349</td>
</tr>
<tr>
<td>Recoveries income</td>
<td>840,139</td>
<td>779,677</td>
<td></td>
<td>(779,677)</td>
<td>-</td>
</tr>
<tr>
<td>Administration fees received</td>
<td>2,708,749</td>
<td>1,493,547</td>
<td></td>
<td>(1,493,547)</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>72,220</td>
<td>112,743</td>
<td></td>
<td>-</td>
<td>112,743</td>
</tr>
<tr>
<td>Trust Fund income</td>
<td>25,087,500</td>
<td>29,108,037</td>
<td></td>
<td>-</td>
<td>29,108,037</td>
</tr>
<tr>
<td>Benefits derived from property, plant &amp; equipment</td>
<td>324,797</td>
<td></td>
<td>328,807</td>
<td>-</td>
<td>328,807</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>33,922,321</td>
<td>7,117,193</td>
<td>29,642,393</td>
<td>(2,273,223)</td>
<td>34,486,363</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>16,029,689</td>
<td>145,406</td>
<td>13,894,639</td>
<td>-</td>
<td>14,040,046</td>
</tr>
<tr>
<td>Political Governance and Security</td>
<td>4,744,252</td>
<td>533,064</td>
<td>2,980,579</td>
<td>-</td>
<td>3,553,643</td>
</tr>
<tr>
<td>Strategic Partnerships and Coordination</td>
<td>38,197,366</td>
<td>175,504</td>
<td>35,170,866</td>
<td>-</td>
<td>35,345,700</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>5,806,772</td>
<td>4,339,629</td>
<td>739,507</td>
<td>(2,273,223)</td>
<td>2,806,913</td>
</tr>
<tr>
<td>Management of the Secretariat</td>
<td>5,836,772</td>
<td>4,339,629</td>
<td>739,507</td>
<td>(2,273,223)</td>
<td>2,806,913</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>67,378,421</td>
<td>7,348,840</td>
<td>53,054,485</td>
<td>(2,273,223)</td>
<td>58,130,103</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>(3,597,562)</td>
<td>(89,810)</td>
<td>(2,069,524)</td>
<td>-</td>
<td>(2,159,334)</td>
</tr>
<tr>
<td>(Deficit)/surplus of income</td>
<td>(37,053,662)</td>
<td>(321,457)</td>
<td>(25,481,616)</td>
<td>-</td>
<td>(25,803,074)</td>
</tr>
</tbody>
</table>

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.”