VISION
Our Pacific Vision is for a region of peace, harmony, security, social inclusion, and prosperity, so that all Pacific people can lead free, healthy, and productive lives.

VALUES
We value and depend upon the integrity of our vast ocean and our island resources.

We treasure the diversity and heritage of the Pacific and seek an inclusive future in which cultures, traditions and religious beliefs are valued, honoured and developed.

We embrace good governance, the full observance of democratic values, the rule of law, the defence and promotion of all human rights, gender equality, and commitment to just societies.

We seek peaceful, safe, and stable communities and countries, ensuring full security and wellbeing for the peoples of the Pacific.
We support full inclusivity, equity and equality for all people of the Pacific.

We strive for effective, open and honest relationships and inclusive and enduring partnerships—based on mutual accountability and respect—with each other, within our sub-regions, within our region, and beyond.
These Pacific regional values will guide all our policy-making and implementation.

OBJECTIVES
Our principal objectives are:
• Sustainable development that combines economic, social and cultural development in ways that improve livelihoods and well-being and use the environment sustainably;
• Economic growth that is inclusive and equitable;
• Strengthened governance, legal, financial and administrative systems; and
• Security that ensures stable and safe human, environmental and political conditions for all.
## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contents</td>
<td>1</td>
</tr>
<tr>
<td>The Pacific Islands Forum</td>
<td>2</td>
</tr>
<tr>
<td>The Secretary General’s Message</td>
<td>4</td>
</tr>
<tr>
<td>2014 Key Commitments</td>
<td>8</td>
</tr>
<tr>
<td>Forum Chair’s Message</td>
<td>9</td>
</tr>
<tr>
<td>The Framework for Pacific Regionalism</td>
<td>13</td>
</tr>
<tr>
<td>Who we are</td>
<td>19</td>
</tr>
<tr>
<td>Political Governance and Security</td>
<td>21</td>
</tr>
<tr>
<td>Economic Governance</td>
<td>31</td>
</tr>
<tr>
<td>Strategic Partnership and Coordination</td>
<td>39</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>51</td>
</tr>
<tr>
<td>Consolidated Financial Statements</td>
<td>54</td>
</tr>
</tbody>
</table>
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 South Pacific Forum changed to the Pacific Islands Forum to better reflect the geographic location of its Members in both the north and south Pacific. Consequently the Secretariat became known as the Pacific Islands Forum Secretariat.
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, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Current Associate Members are French Polynesia, New Caledonia and Tokelau. Forum Observers are Wallis and Futuna, the Commonwealth, the United Nations, the Asia Development Bank, the Western and Central Pacific Fisheries Commission, the World Bank, the African Caribbean and Pacific Group of States, American Samoa, Guam, the Commonwealth of Northern Mariana Islands and the International Organisation for Migration. 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 17 partners – Canada, People’s Republic of China, Cuba, European Union, France, India, Indonesia, Italy, Japan, Republic of Korea, Malaysia, Philippines, Spain, Thailand, Turkey, United Kingdom and the United States. The annual Forum meetings are chaired by the Head of Government of the Host Country (Palau in 2014), 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 H.E. Tuiloma Neroni Slade of Samoa will finish his six years term at the end of this year.

The Secretariat’s mandate, is to implement the Framework for Pacific Regionalism. The Framework seeks the support, commitment, and ownership of all Pacific people, including governments and administrations, civil society organisations, private sector representatives, regional organisations, development partners, media, and other key stakeholders to achieve the shared goals of economic growth, sustainable development, good governance and security.

The Forum Officials Committee (FOC) is the Secretariat’s governing body, comprising representatives from all Forum members, and its chair rotates on an annual basis. The Secretary General of the Forum Secretariat is the permanent Chair of the Council of Regional Organisations in the Pacific (CROP).

The nine members of CROP are:
- Pacific Islands Forum Fisheries Agency (FFA)
- Pacific Islands Development Programme (PIDP)
- Secretariat for the Pacific Community (SPC)
- Pacific Islands Forum Secretariat (PIFS)
- Secretariat of the Pacific Regional Environment Programme (SPREP)
- South Pacific Tourism Organisation (SPTO)
- University of the South Pacific (USP)
- Pacific Power Association (PPA)
- Pacific Aviation Safety Office (PASO)

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

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

As part of its outreach assistance to Members, the Forum Secretariat has desk officers in the Smaller Island States (SIS) of Cook Islands, Kiribati, the Marshall Islands, Nauru, Niue, Palau, and Tuvalu to complement the resources of its smallest Members. There is also a Pacific Plan Desk Officer in Vanuatu. The Forum Secretariat also has a representative based in Solomon Islands as the Forum Special Representative to RAMSI. The Pacific Islands Forum Secretariat is an international organisation established by treaty, enjoying legal personality in each of its sixteen member countries.
THE SECRETARY GENERAL’S MESSAGE

This year has been a memorable one for me as I look back on major regional achievements as well as challenges during my tenure. Notwithstanding significant progress and achievements made under the Pacific Plan over the past decade, Leaders, at their special retreat in Rarotonga, Cook Islands, endorsed a re-casting of the Pacific Plan as a new Framework for Pacific Regionalism. This framework embraces the principle of inclusivity. Whilst recognising the importance of regional processes in complementing national efforts, Leaders endorsed the Specialist Sub-Committee for Regionalism, to be composed of allocated positions for suitably-skilled representatives from each sub-region, Australia or New Zealand, a Smaller Island State, civil society and the private sector, with the Secretary General (the permanent Chair of CROP), as Sub-Committee Chair. The work of the Committee will be supported by co-opted specialists as required, and selected by a panel of Forum members serving on a rotational basis.

Framework for Pacific Regionalism

The new Framework presents a very positive development for the region, building on the recommendations of the review of the Pacific Plan by Sir Mekere Morauta and setting out a robust and inclusive process for deepening Pacific regionalism.

The Forum Secretariat has been heartened by the engagement and support of key stakeholders in all Forum member countries during the extensive country consultations for a revised approach that ensures Leaders consider and have oversight of only the highest priority regional initiatives. I see great opportunities to link the Framework for Pacific Regionalism to other ongoing regional work that remain priorities for the regional agenda; for instance, implementation of the Forum Compact on Strengthening Development Coordination to ensure more effective coordination of all resources available for sustainable development, and inclusive and equitable economic growth, in the region.

Moving forward, it will be important to ensure alignment of regional efforts with the Framework’s strategic objectives, and to adopt the forms of regionalism - cooperation, coordination, collaboration, harmonisation, or integration - best suited to achieving these objectives. I see the Framework for Pacific Regionalism as being inclusive and covering all Pacific governments, administrations and organisations. In particular, I recognise the important role of the Council of Regional Organisations of the Pacific (CROP) in delivering key services to Pacific countries and territories and the need for close collaboration between all CROP organisations to ensure the success of the Framework.

Oceans

This year’s meeting theme of Forum Leaders was “The Ocean: Life and Future”, and the “Palau Declaration on ‘The Ocean: Life and Future’, Charting a Course to Sustainability”. We hope the Palau Declaration will inspire increased action and integrated approaches towards sustainable development, management and conservation of our Ocean. With the strong global focus on oceans issues, including in the post-2015 agenda and the sustainable development goals (SDGs), among the myriad of ocean issues and priorities, sustainable fisheries development must remain front and center in our regional and national efforts. In Tokelau, Fisheries Ministers discussed approaches to strengthening fisheries management and signed the Atafu Declaration as a response to the need for urgent management reform in the South Pacific albacore fishery.
The Pacific Ocean Alliance, a mechanism called for by Leaders through the Framework for a Pacific Oceanscape, will have an important role in strengthening coordination and collaboration across the various sectors of ocean development by a wide range of stakeholders. The Pacific Ocean Alliance was launched at the Third International Conference on Small Island Developing States (SIDS).

Climate Change

I congratulate those Leaders who embraced the Majuro Declaration for Climate Leadership, and moved ahead with their national pledges and commitments to the urgent reduction and phase down of greenhouse gas pollution. At the Forum Economic Ministers Meeting (FEMM) held in the Solomon Islands, concern was expressed that, despite some progress, the region continues to face difficulties in accessing global climate funds due to the complex nature of the international climate finance architecture. I am of the view that international institutions and developed country partners must continue to simplify and harmonise their funding processes, and must work to deliver this assistance through national systems and based on Member needs and priorities. Through the Forum Compact, the Forum Secretariat and other partners will continue to support Members to strengthen their national systems to absorb and effectively use these funds.

The SIDS Conference in early September provided Leaders an excellent opportunity to show the Pacific Islands’ solidarity and unity in calling for stronger commitment by the global community to tackle climate change. It was timely in gathering momentum for stronger action to come out of the UN Secretary General’s Climate Summit later in the same month. The Climate Summit was an important milestone to mobilise political commitment ahead of the 20th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Lima in December. Leaders may also use the Climate Summit to urge developed countries to commit funds to capitalise the Green Climate Fund to become operational in early 2015.

SIDS conference

The SIDS Conference held in Samoa from 1-4 September, was an historic occasion for Samoa and for our region. Leaders seized the opportunity to highlight their key national priorities. It was also an opportunity to highlight the Framework for Pacific Regionalism and showcase to the world our region’s efforts towards cooperation and integration.

The Conference adopted the SIDS Accelerated Modalities of Action or SAMOA Pathway Outcome document. I recognise that it will take a coordinated approach and concerted effort among CROP and the UN system to deliver on the SAMOA Pathway in our region.

Post 2015 Agenda/Sustainable development goals

Over the past year, discussions on the post-2015 agenda have intensified, especially in relation to the Sustainable Development Goals (SDG). The SDGs Working Group, as mandated by the Rio+20 Summit, met for the thirteenth time and finalised their recommendations. The Open Working Group draft report proposed 17 goals and 148 targets.

This is a significant increase on the 8 Millennium Development Goals and related 21 targets and 60 indicators. I am most concerned with the large number of proposed goals and targets, recognising the burden that would be placed on our already overstretched governments and our statistical capacity to track these. There will be more work in the year ahead as intergovernmental negotiations begin in earnest in early 2015, toward finalising and adopting a new set of SDGs that will define the post-2015 development agenda. The Secretariat, working with other CROP organisations and the UN system, will continue to support Members throughout this process.

Regional trade

Increased regional trade in goods and services will propel economic growth and improve livelihoods, given the relatively small size of most of our domestic markets where economies of scale cannot be fully achieved. Regional trade including beyond Forum members will “expand” the domestic market and improve the effectiveness of economies, fostering specialisation if conducive policies are in place. It will also assist in improving transport links and related infrastructure, and will prompt businesses to be more competitive. The private
sector is a key driver of trade and there are intensified efforts for deeper engagement with the private sector at both the FEMM and at the Forum Leaders’ Meeting.

The framework for trade liberalisation under the Pacific Island Countries Trade Agreement (PICTA) proposes a direct and measured approach to the development of regional trade in goods and services. The region is, however, yet to see the full benefit of PICTA because all countries are not fully engaging under this framework. Economic development through trade as the engine of growth is the right and proper way forward. We must intensify our engagement under PICTA and I encourage those countries yet to implement the PICTA trade in goods arrangements to do so expeditiously, and to also ratify the PICTA Trade in Services Protocol so that the Protocol can enter into force and its implementation commence forthwith for all Forum Island Countries (FICs).

An untapped potential is the labour mobility of skilled and semi-skilled professionals in FICs. Pooling of skilled and semi-skilled expertise will support the public and private sector and consequently the economic development of Pacific Island Countries. Such functional arrangements will empower Pacific Island Countries to export labour services within the region and beyond. The demographics of Australia and New Zealand, and other developed economies are already signaling demand for skilled labour in many areas that the Pacific region can feasibly supply. There are similar demands and opportunities among island countries. Papua New Guinea alone has a substantially large market to absorb trade in goods, services and skilled and semiskilled professionals. The experience of the Cook Islands in the hospitality sector is another case in point where hotel operators are employing nationals from the region to provide a truly Pacific experience to the visitors. Similarly the movement of teachers and nurses in the region is responding to the labour market dynamics which we need to proactively shape.

We need to intensify efforts for inter-regional trade amongst the Pacific Island Countries including the French and US territories, building on our strengths. The PICTA is the framework for achieving this, and the platform for building on arrangements such as PACER Plus with Australia and New Zealand, and the Economic Partnership Agreement with the European Union, and eventually with other economies such as the USA and China under preferential trading arrangements.

Non-communicable diseases (NCDs)

As recognised by Leaders in Auckland in 2011, Non-Communicable Diseases have reached dangerous epidemic proportions in Pacific Island Countries and have become a crisis requiring immediate comprehensive and
effective responses. A Joint Economic and Health Ministers regional meeting convened on 11 July 2014 in Honiara, Solomon Islands, was a demonstration of concern and a leadership effort to face up to the very serious situation of NCDs in the Pacific region.

The high level of NCDs occurrence in the region is taking a heavy toll on the economies and finances of Pacific countries, and has adverse impacts on efforts towards achieving sustainable economic growth and development across the region. Noting the tight fiscal conditions in the region, Pacific Health Ministries are spending significant amounts of their budgets on addressing NCDs. This impacts on the limited financial resources that governments have for development purposes, with some spending up to 16% of their budget on health. Labour supply, productivity, investment and education can be undermined particularly with regular illness, disabilities and early deaths. A World Bank study has revealed the possible loss of economic production estimated at US$84 billion for the region as a result of NCDs between 2006 and 2015, if early action is not taken to address this issue.

The response to NCDs is necessarily a national effort; and in the broader context a regional, and a cooperative global effort. The development of the NCDs Roadmap for the region adopted by Economic and Health Ministers links to international efforts to tackle NCDs through the NCDs global action plan 2013-2020. The Roadmap sets out concrete actions to strengthen NCDs prevention and control in the Pacific region proposing the adoption of key strategies to target the consumption of products that contribute to NCDs. These key strategies are supported by a menu of interventions for countries’ consideration and adoption dependent on individual country circumstances. Strong political will, both at the regional and country level, and determination, and partnerships with all relevant stakeholders, including development partners and the private sector, is important in supporting the implementation and review of the NCDs Roadmap. Countries are encouraged to mount a comprehensive education programme to combat NCDs recognising its undermining of social and economic development in the region.

Pacific Leaders Gender Equality Declaration

Following Leaders’ adoption of the Pacific Leaders Gender Equality Declaration in 2012, we have this year integrated the reporting on this Declaration into the 2014 Pacific Regional MDGs Tracking Report. Under the Declaration, Leaders made commitments in six key areas - gender responsive government policies and programmes, improving women’s participation in decision making, economic empowerment, ending violence against women, and improving health and education outcomes for women and girls.

I can report that the pace of progress in these areas has been slow. However, there have been some positive initiatives by Member countries - such as Kiribati and Solomon Islands, which have introduced domestic violence legislation; a new Ministry for Women in Kiribati; and the completion of national gender policies by Tonga, the Republic of the Marshall Islands, Nauru, Niue and Tuvalu. Maintaining political leadership at the highest level for gender equality will be a critical step towards achieving long term, sustainable development for the region. More work and attention is needed in the area of improving the economic empowerment of women and increasing women’s participation in decision making and representation of women in senior leadership such as on government boards.

2014 has been a very full year for the Secretariat and undoubtedly the coming period will continue to be so, as our agenda of work continues to expand. The Secretariat can only respond to directions from the Leaders based on support from the members themselves. The increasing amount of work done every year is only possible because of the commitment of the professional team of advisers, officers, team leaders and support staff at the Secretariat. My warmest and deepest appreciation and thanks to all of them and I wish the incoming Secretary General Dame Meg Taylor all the best in her tenure.

My special appreciation is also extended to my fellow CROP Executives for their consistent belief and support on development aspirations for our people of the Pacific.

Tuloma Neroni Slade
<table>
<thead>
<tr>
<th>DATE</th>
<th>MEETING</th>
<th>VENUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEBRUARY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fri 14 – Sat 15</td>
<td>Ministerial Contact Group Visit to Fiji</td>
<td>Suva, Fiji</td>
</tr>
<tr>
<td>Tue 18 – Wed 19</td>
<td>CROP Executive Heads Meeting</td>
<td>For Sec, Suva</td>
</tr>
<tr>
<td>Mon 24</td>
<td>1st Preparatory Committee Meeting of the Third International Conference on Small Island Developing States</td>
<td>New York</td>
</tr>
<tr>
<td>MARCH</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wed 12 – Fri 14</td>
<td>Climate Justice Dialogue High Level Advisory Committee Meeting</td>
<td>London, UK</td>
</tr>
<tr>
<td>Thu 20</td>
<td>CROP Executive Meeting to review Findings and Recommendations and provide advice for Leaders to consider at their Special Retreat on 5 May</td>
<td>USP, Suva</td>
</tr>
<tr>
<td>Mon 24 – Wed 26</td>
<td>Official visit to Palau to discuss matters relating to the 45th Pacific Islands Forum &amp; Related Meeting</td>
<td>Koror, Palau</td>
</tr>
<tr>
<td>Fri 28</td>
<td>UNDP Asia-Pacific Regional Advisory Panel Meeting</td>
<td>Bangkok, Thailand</td>
</tr>
<tr>
<td>APRIL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wed 9, Thu 10</td>
<td>Meeting with Prime Minister and Government Officials</td>
<td>Apia, Samoa</td>
</tr>
<tr>
<td>MAY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mon 5</td>
<td>Pacific Islands Forum Leaders Special Retreat On the Pacific Plan Review</td>
<td>Rarotonga, Cook Islands</td>
</tr>
<tr>
<td>Tue 27 – Wed 28</td>
<td>Forum Trade Officials &amp; Ministers Meetings</td>
<td>Tarawa, Kiribati</td>
</tr>
<tr>
<td>JUNE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tue 3</td>
<td>PLP Advisory Panel Meeting for Phase 2</td>
<td>Suva, Fiji</td>
</tr>
<tr>
<td>Wed 4 – Thu 5</td>
<td>Forum Regional Security Committee Meeting</td>
<td>ForSec, Suva</td>
</tr>
<tr>
<td>Wed 11</td>
<td>CROP Executive Heads Meeting</td>
<td>USP, Suva</td>
</tr>
<tr>
<td>Mon 16 – Tue 17</td>
<td>Our Oceans Conference</td>
<td>Washington DC USA</td>
</tr>
<tr>
<td>Fri 20</td>
<td>High Level Consultations with Australia</td>
<td>Canberra, Australia</td>
</tr>
<tr>
<td>Mon 23 – Tue 24</td>
<td>PIC/Development Partners Meeting</td>
<td>Tanoa Int Hotel Nadi</td>
</tr>
<tr>
<td>JULY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tue 1</td>
<td>Smaller Island States (SIS) Officials Meeting</td>
<td>ForSec, Suva</td>
</tr>
<tr>
<td>Wed 2 – Thu 3</td>
<td>FOC Pre-Forum Session</td>
<td>ForSec, Suva</td>
</tr>
<tr>
<td>Tue 8 – Fri 11</td>
<td>Forum Economic Ministers Meeting (FEMM) &amp; Joint Economic &amp; Health Ministers Meetings</td>
<td>Honiara, Sol Is</td>
</tr>
<tr>
<td>Tue 29 – Fri 1 Aug</td>
<td>45th Pacific Islands Forum &amp; Related Meetings</td>
<td>Koror, Palau</td>
</tr>
<tr>
<td>AUGUST</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thu 21 – Fri 22</td>
<td>Enhanced Consultative Mechanism Meeting on RAMSI</td>
<td>Honiara, Solomon Is</td>
</tr>
<tr>
<td>Sun 31</td>
<td>CROP Heads Meeting</td>
<td>Apia, Samoa</td>
</tr>
<tr>
<td>SEPTEMBER</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mon 1 – Thu 4</td>
<td>Third International Conference on Small Island Developing States (SIDS) &amp; related meetings</td>
<td>Apia, Samoa</td>
</tr>
<tr>
<td>Tue 16 – Mon 29</td>
<td>69th Session of the UN General Assembly &amp; Related Meetings</td>
<td>New York, USA</td>
</tr>
<tr>
<td>OCTOBER</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fri 3</td>
<td>Official Farewell for Tuiloma Neroni Slade &amp; Mrs Slade</td>
<td>ForSec Fale</td>
</tr>
</tbody>
</table>
FORUM CHAIR’S MESSAGE
H.E. MR CHRISTOPHER J. LOEAK
PRESIDENT OF THE REPUBLIC OF THE MARSHALL ISLANDS

Alii. I have the honour of being the outgoing Chair of the Pacific Islands Forum, a great privilege bestowed on the government and people of the Republic of the Marshall Islands.

Thank you for allowing me to act in your name in pursuance of issues of common concern for the people of our Pacific Islands Forum. Allow me to provide a short overview of the key activities during my tenure as Forum Chair.

**Majuro Declaration for Climate Leadership**

Last year by adopting the Majuro Declaration for Climate Leadership, we committed ourselves to tackling head-on one of the biggest challenges of our time – climate change. The Declaration placed climate change front and center in the regional agenda focusing our efforts to spark a new wave of climate leadership, noting, amongst other issues, the detrimental effects of increased greenhouse emissions and wholesale change to not just our region, but to the planet.

I am pleased to report of the important inroads we have made thus far. Under your direction the Declaration was presented to the UN Secretary-General during last year’s UN General Assembly as the Pacific’s Gift to the world. The United States, Mexico, the United Kingdom, the European Union, California and Hawai’i signed onto the Declaration. Encouragingly Costa Rica, France, Indonesia, Korea, Malaysia, Mexico and Thailand have lent their support to the Declaration.

The Declaration complements and focuses our energies on the forthcoming Third UN Small Island Developing States Conference in Samoa and the UN Secretary-General’s Climate Summit. We must build on the momentum gained from the Declaration so that it does not become just another regional pronouncement, but something that has real and long lasting results.

I am pleased to note that the incoming Forum Chair has chosen to maintain our focus on climate change, albeit on a different but related strand - the Ocean. I applaud the Republic of Palau for choosing the theme: The Ocean: Life & Future. The ocean surrounds, connects and divides us. It provides nourishment but has the potential to threaten our very existence. It enriches with the abundant resources it offers, provided we act responsibly and in a sustainable manner.

**Pacific Plan Review**

Two years ago in Rarotonga we commissioned the independent review of the Pacific Plan, our blueprint for regional cooperation and integration. After extensive and exhaustive consultations we considered last year in Majuro the Review’s preliminary findings presented by the chief reviewer, Sir Mekere Morauta.

The review found areas of success, but also where progress had been less than hoped for. It concluded that the Pacific region was at a crossroads and needed regionalism more than ever before. The Review recommended a revised Pacific Plan as a “framework for advancing the political principle of regionalism through a robust, inclusive processes of political dialogue, the expression of political values about regionalism and sovereignty, and the decisive implementation of key, game-changing, drivers of regional integration.”
At our special meeting in May, in Rarotonga, we discussed the Review’s recommendations, the result of which is a draft Framework for Pacific Regionalism that was fully considered by Leaders. I expect the Framework for Pacific Regionalism will mark an important shift in our approach to managing regional issues not by locking regional priorities into a list, but through a Framework which focuses on a robust process for priority-setting. This will help ensure that Leaders are requested to oversee only highest-priority initiatives that have strong implementation and funding plans that will bring significant benefits to the region.

**Biketawa Declaration activities**

Also in Rarotonga, we considered the Report of one of the mechanisms at our disposal established to respond to regional crises, the Ministerial Contact Group on Fiji. We welcomed the Group’s most recent visit to Fiji this year and noted the view of the Group that Fiji has made some significant progress towards preparations for elections and a return to parliamentary democracy.

While progress made in Fiji towards the expected election in September is largely guided by Fiji and her people, we should also acknowledge the role played by all, including many Forum members. We look forward to the outcome of the election and a way forward, based on the fundamental Forum principles enshrined in the Biketawa Declaration.

**Economic issues**

Our Economic Ministers met in Honiara and deliberated on topical economic issues focused on strengthening economic linkages, particularly in relation to improved linkages for the tourism sector as the impetus to regional economic growth.

There was focus on the meticulous processes to access climate change financing, noting the mounting cost of adaptation and mitigation. In addition, most member countries explored further options for financing post-disaster recovery, including a general support to the extension of the Pacific Disaster Risk Financing and Insurance Pilot Programme.

**Non-Communicable Diseases**

I want to touch on the manmade dangerous epidemic that is, Non-Communicable Disease (NCDs). Seventy five percent of deaths in our region are NCD related. Most of our countries have higher rates of premature deaths below the age of sixty than other regions. The top ten countries with the highest overweight and obesity rates in the world countries are from our region.

The economic impact of NCDs is particularly worrying given the impact on our economies. NCDs require larger commitments from national budgets, at the expense of other priorities, not counting the impact on productivity, investment and education. The social costs of NCDs cannot be discounted either by the care provided by family members and the effect of premature deaths on surviving family members leading to further hardship and poverty.

While we acknowledged the threats posed by NCDs when we met in Auckland in 2011, we need to build on efforts taken since. The Pacific NCDs Roadmap is one such action aimed at strengthening NCDs prevention and control in the Pacific region proposing the adoption of key strategies to target the consumption of products that contribute to NCDs. The Roadmap also acknowledges the importance of primary and secondary prevention of NCDs as a more efficient use of scare resources.

**Sustainable Development Goals**

With less than 500 days to the deadline of achieving the Millennium Development Goals (MDGs), discussions on what will replace the MDGs are coming to a head. Recently, the Sustainable Development Goals (SDGs) Open Working Group finalised its proposals for a new set of SDGs to replace the MDGs. The Working Group has proposed 17 goals and 169 targets. We welcome the inclusion of the unfinished business of the MDGs – work on this by our countries, including my own, will need to go on after 2015 as most of our countries will not achieve the MDGs by the deadline.

We are also glad that the gaps in the MDGs have been addressed. We also welcome the inclusion of a proposed goal to ‘Take urgent action to combat climate changes and its impacts’, as well as the proposed goal to ‘Conserve and sustainably use the oceans, seas and marine resources for sustainable development’.
However, the significant increase to 17 goals and 169 targets compared to the 8 MDGs and related 21 targets and 60 indicators will prove challenging to monitor progress if such a large set is indeed agreed to next year. Our region must therefore remain committed to the final negotiation phase, continue to advocate for priority regional issues and highlight practical challenges for small island developing states when faced with a large number of goals and targets.

Conclusion

Let me acknowledge the Secretary General, Tuiloma Neroni Slade, for his leadership of the Secretariat and contribution to the region in what has been a challenging last six years, especially when faced with the Global Financial Crisis, unprecedented natural disasters, political challenges and emerging security and environmental threats. I wish him and his spouse well.

I am particularly pleased to be passing on the reigns to a fellow Micronesian Leader. This will ensure the continued engagement with the Forum’s Northern members. The Republic of Palau will take our Forum to bigger and brighter things. I wish to extend to you all my heartfelt thanks for entrusting me with the leadership of the Forum for the past year and I ask that you extend the same to my successor.

Kommol tata and mesulung.

The ocean surrounds, connects and divides us. It provides nourishment but has the potential to threaten our very existence. It enriches with the abundant resources it offers, provided we act responsibly and in a sustainable manner” – President of the Republic of the Marshall Islands and outgoing Forum chair H.E. Mr Christopher J. Loeak
Overview

On May 5th 2014, a Special Forum Leaders’ Retreat on the Pacific Plan Review was held in the Cook Islands. At their retreat, Leaders endorsed the re-casting of the Plan as the Framework for Pacific Regionalism.

Following directions from the Special Leaders’ Retreat, the Pacific Islands Forum Secretariat undertook consultations around the region to prepare a draft of the Framework for Leaders’ consideration at the 45th Pacific Islands Forum in Palau. The Framework was formally endorsed in the 2014 Pacific Islands Forum Communiqué, and Leaders encouraged its early implementation. Leaders recognized the significant benefits that deeper regionalism could bring – while also recognizing the need for regional processes to complement national efforts.

Forum Leaders’ Statement on the Framework for Pacific Regionalism

Pacific peoples are the custodians of the world’s largest, most peaceful and abundant ocean, its many islands and its rich diversity of cultures. We celebrate and draw strength from the culture and traditions, language, social values, and religious freedoms and beliefs that bind citizens and communities together, providing sustenance, social stability and resilience. We acknowledge our shared responsibility for our significant terrestrial and oceanic resources, which provide livelihoods and opportunities for sustainable development.

We also face significant challenges, including complex vulnerabilities, dependencies and uncertainties that arise for countries and communities as our region changes with modernity, the processes of globalisation and the damaging effects of climate change.

We stand together as a Pacific region because there are significant benefits to sharing and combining our resources to leverage our voice, influence and competitiveness and to overcome geographical and demographic disadvantages. From its foundation, the Pacific Islands Forum has recognised the advantages of shared purpose and of close cooperation and coordination. Our nations commit to working together to address our common challenges, harness shared strengths and ensure that our individual and collective advancement brings practical benefits to all Pacific people. Deeper regionalism will help increase market opportunities, improve service delivery and ensure good governance for Pacific people.

Forum Leaders embrace Pacific regionalism as:

The expression of a common sense of identity and purpose, leading progressively to the sharing of institutions, resources, and markets, with the purpose of complementing national efforts, overcoming common constraints, and enhancing sustainable and inclusive development within Pacific countries and territories and for the Pacific region as a whole.

For successful implementation of this Framework for Pacific Regionalism, which replaces the Pacific Plan, we seek the support, commitment and ownership of all Pacific people, including governments and administrations, civil society organisations, private sector representatives, regional organisations, development partners, media and other key stakeholders.
**FORMS OF REGIONALISM**

For each of the principal objectives, Pacific countries will adopt forms of regionalism, drawing from the collective actions below, that work in support of deeper regionalism.

<table>
<thead>
<tr>
<th>Regional collective action</th>
<th>To achieve:</th>
<th>By:</th>
<th>Requiring:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coordination</td>
<td>Open consultation and access to information; and coordinated application of shared, best-practice norms and standards.</td>
<td>Establishing and managing agreed processes that facilitate regional dialogue and access to (and use of) information.</td>
<td>Voluntary consultations and agreements; possible resource sharing.</td>
</tr>
<tr>
<td>Cooperation</td>
<td>An effective and strengthened voice in protecting and sustainably harnessing the region’s physical, social and cultural assets for the benefit of all.</td>
<td>Developing and committing to coordinated regional or sub-regional policies and strategies.</td>
<td>Voluntary agreement to modes of regional cooperation; services are mainly funded and delivered nationally.</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Achievement of economies of scale and equitable benefits that cannot be achieved nationally.</td>
<td>Delivering regional public goods and pooled services.</td>
<td>Voluntary agreement to modes of regional collaboration; national governments are freed from daily management of these priorities.</td>
</tr>
<tr>
<td>Harmonisation</td>
<td>Achievement of shared institutional and/or legal objectives.</td>
<td>Entering into specific regional or sub-regional commitments to common policies, regulations, standards and/or processes.</td>
<td>Legally binding arrangements, including commitment to national resource allocation; each country free to amend their internal laws / requirements to meet the shared regional objectives.</td>
</tr>
<tr>
<td>Economic integration</td>
<td>Greater economic prosperity founded on regional economic integration and sustainability and the equitable distribution of benefits and costs.</td>
<td>Lowering physical and technical market barriers to enable freer movement of people and goods within and among countries.</td>
<td>Legally binding arrangements, including commitment to national resource allocation; each country commits to amending their internal laws / requirements to meet the shared regional objectives.</td>
</tr>
<tr>
<td>Administrative / legal / institutional integration</td>
<td>A secure and well governed Pacific region pledged to upholding regional values.</td>
<td>Agreeing to common rules, standards and institutions to foster and sustain integration.</td>
<td>Legally binding arrangements, including commitment to national resource allocation and to operating within regionally mandated requirements.</td>
</tr>
</tbody>
</table>
PROCESS FOR PRIORITY SETTING

To further regionalism in line with the vision, values, objectives, and forms of regionalism set out above, Pacific countries will prioritise major regional initiatives for Leaders' oversight through the following process:
1. All interested stakeholders will be eligible to submit proposals for new regional initiatives to be overseen and driven by Forum Leaders. Proposals will be submitted to the Forum Secretariat, using a standard template that demonstrates how the proposed initiative is in line with the values and objectives established in this Framework, and how it meets the approved tests for regional action.

2. The Forum Secretariat will assist stakeholders requiring assistance with this process. The Forum Secretariat will check proposals for completeness, and will compile all eligible and viable proposals for further consideration by a specialist sub-committee of the Forum Officials Committee (FOC). The list of proposals will be made publically available.

3. The FOC specialist sub-committee will review new proposals alongside progress reports for any existing initiatives. It will evaluate whether any existing priorities should be halted due to lack of progress or unfavourable re-evaluation against the tests; and whether any new proposals should be put forward for the consideration of Leaders. The specialist sub-committee’s decisions will be made public and will follow clear and transparent principles aligned with the values and objectives set out in this Framework.

4. The FOC will receive the specialist sub-committee’s report to Leaders and have an opportunity to provide comments or further advice to Leaders. The FOC will compose a proposed agenda for Leaders, including consideration of the recommendations of the specialist sub-committee, consideration of pressing issues forwarded to Leaders from Ministerial meetings, and political issues identified by FOC as requiring Leaders’ guidance. The FOC will have responsibility for ensuring that politically sensitive and major regional issues and initiatives are the focus of Leaders’ meeting agendas.

5. At their annual Forum, Leaders:
   • Will be invited to consider the specialist sub-committee’s recommendations, identify a small number of regional initiatives for the region to focus on (with no more than five, ongoing or new, to be selected at any one time), and provide directions on further policy development, implementation, and reporting;
   • Will have opportunity to discuss other highest-priority concerns raised by Ministers and the FOC for Leaders’

6. If an initiative is selected by Leaders for their oversight, the relevant agencies, organisations and partners involved in proposing the initiative would work together on its implementation.

7. Work on regional initiatives selected by Leaders through this Framework should be consistent with the work plans already agreed on by the governing bodies of the relevant agencies, organisations and partners. In addition to their broader programme of ongoing work in the region, these agencies may develop future proposals for new regional initiatives, which would be subjected to the evaluation and priority-setting process set out.

8. Regional initiatives that are not recommended by the specialist sub-committee for Leaders-level oversight may be overseen by Ministers — who retain decision-making responsibilities in their areas of sectoral expertise — by officials or by the Governing Council of the relevant Council of Regional Organisations in the Pacific (CROP) agency.

9. The Forum Secretariat will compile progress reports for existing priority areas, at least annually. Progress reports will detail actions taken and costs incurred, and provide an updated evaluation against the tests for regional action. These progress reports will be shared with the original proponents and implementers for comment before being forwarded (along with stakeholders’ comments) to the specialist sub-committee, FOC and Leaders and be made publically accessible.

Pacific peoples are the custodians of the world’s largest, most peaceful and abundant ocean, its many islands and its rich diversity of cultures.
PROCESS FOR PRIORITY SETTING

Progress will be monitored by:

- Relevant implementing agencies identifying measurable indicators of outcomes and impacts for each initiative, linked to the Framework’s principal objectives;
- Relevant implementing agencies ensuring every initiative has a detailed implementation and monitoring plan;
- The Forum Secretariat analysing and reporting on areas of major progress in initiatives on an annual basis, with reference to the measurable indicators;
- The Forum Secretariat regularly sending high-level delegations to visit Member countries and to hold open dialogues with key stakeholders across the Pacific on progress towards regionalism, including the appropriateness and effectiveness of the Framework and its supporting processes, and the contribution of regionalism towards national plans and objectives;
- The Forum Secretariat working together with CROP agencies to develop a high level regional monitoring framework, linking regional work across key areas to the pursuit of higher-order objectives for regionalism and the fulfilment of Sustainable Development Goals (SDGs) / post-2015 development goals;
- The specialist sub-committee reviewing progress reports from the Forum Secretariat and preparing a brief report to Leaders highlighting important issues for consideration, including points of notable progress or concern;
- Ministers reviewing progress and making decisions in their areas of mandate, related to the pursuit of regional cooperation and integration; and
- Leaders reviewing progress and determining the continuing value of major initiatives in advancing the regionalism agenda.
PROPOSED TESTS FOR REGIONAL ACTION

More specific and detailed criteria and evaluation guidelines, including a relative weighting for each test, will be developed and made public and will be used consistently by the Forum Secretariat and the specialist sub-committee in assessing regional initiatives.

<table>
<thead>
<tr>
<th>Test</th>
<th>Criteria for regional implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Market test</td>
<td>The initiative should not involve a service that markets can provide well.</td>
</tr>
<tr>
<td>• Sovereignty test</td>
<td>The initiative should maintain the degree of effective sovereignty held by national governments (countries, not regional bodies, should decide priorities).</td>
</tr>
<tr>
<td>• Regionalism test</td>
<td>The initiative should meet one of the following criteria at a sub-regional or regional level, in support of national priorities and objectives:</td>
</tr>
<tr>
<td></td>
<td>i. establish a shared norm or standard</td>
</tr>
<tr>
<td></td>
<td>ii. establish a common position on an issue</td>
</tr>
<tr>
<td></td>
<td>iii. deliver a public or quasi-public good which is regional (or sub-regional) in its scope</td>
</tr>
<tr>
<td></td>
<td>iv. realise economies of scale</td>
</tr>
<tr>
<td></td>
<td>v. overcome national capacity constraints</td>
</tr>
<tr>
<td></td>
<td>vi. complement national governments where they lack capacity to provide national public goods like security or the rule of law</td>
</tr>
<tr>
<td></td>
<td>vii. facilitate economic or political integration</td>
</tr>
<tr>
<td></td>
<td>Where benefits accrue sub-regionally, the contribution to broader regionalism should be clear.</td>
</tr>
<tr>
<td>• Benefit test</td>
<td>The initiative should bring substantial net benefits, as demonstrated by a cost-benefit analysis. The distribution of benefits across countries and across stakeholders within the region should also be considered—particularly with respect to:</td>
</tr>
<tr>
<td></td>
<td>• The relative costs and benefits for smaller island states (an “SIS test”).</td>
</tr>
<tr>
<td></td>
<td>• How inclusive the proposal is of all stakeholders who might benefit from regionalism.</td>
</tr>
<tr>
<td>• Political oversight test</td>
<td>The initiative should require the Leaders’ attention and input (as opposed to being within the mandate of Ministers or other governing bodies).</td>
</tr>
<tr>
<td>• Risk and sustainability test</td>
<td>The initiative should demonstrate a robust risk and sustainability evaluation, be based on a sound implementation plan, be supported by some identified funding, and demonstrate available capacity and experience for successful implementation.</td>
</tr>
<tr>
<td>• Duplication test</td>
<td>The initiative should not be currently under progress by another organisation or process, and there should be no duplication of effort.</td>
</tr>
</tbody>
</table>
WHO WE ARE

Tuiloma Neroni Slade
Secretary General

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

Cristelle Pratt
Deputy Secretary General
Corporate Services and
Strategic Partnerships and
Coordination Programme

Shiu Raj
Director Economic
Governance Programme

Desna Solofa
Director Political
Governance and Security
Programme

Alex Knox
Director Strategic
Partnerships and Coordination
Programme

Simon Clegg
Director Corporate
Services

2014 Staff Photo
Overview
The Political Governance and Security Programme works in support of Forum Members’ efforts to develop and implement strategic approaches for the achievement and maintenance of national and regional security, respect for the rule of law and the promotion and protection of human rights. Toward that end, the Programme delivers high quality policy advice as well as coordinates and implements regional and international programmes of support to Forum Members – collectively as well as individually – on security, political, conflict prevention, governance, legal, human rights and law enforcement issues.

In the area of political governance and security, Pacific regional interventions are influenced by a number of security related declarations, namely, the Honiara Declaration on Law Enforcement Cooperation (1992), the Aitutaki Declaration on Regional Security Cooperation (1997), the Biketawa Declaration (2000) and the Nasonini Declaration on Regional Security (2002).

Throughout 2014, the Programme continued to advance regional security priorities and initiatives identified by Forum Members, coordinating and implementing ongoing national and regional initiatives, as well as providing extensive technical assistance and capacity building support to Members. Additionally, the Programme contributed to discussions around the implementation of the Pacific Plan Review recommendations in line with directions given by Leaders at their Special Retreat in May 2014. Similarly, and after endorsement by Forum Leaders of the Framework for Pacific Regionalism, the Programme continued to contribute substantively to discussions and Secretariat-led efforts to implement the Framework.

Coordinating regional and international engagement and dialogue on political, governance and security issues

Forum Regional Security Committee
The Forum Regional Security Committee (FRSC) comprises senior government officials representing the security sector and the ministries of justice and foreign affairs of Forum Member countries. The FRSC convenes annually to discuss regional political, governance and security issues – receiving Programme progress reports and policy analysis and advice (including on emerging issues of concern), and providing direction on priority areas to address.

The FRSC met on 4 and 5 June 2014 at the Forum Secretariat where it considered a number of issues including: transnational organised crime in the Pacific and regional responses; security sector governance activities; the implementation of the Honiara and Nasonini Declarations on Law Enforcement and Security; and significant security issues including cybercrime, sexual and gender based violence, implementation of the Regional Unexploded Ordnance Strategy; and law enforcement capacity building. Members also considered the Forum Secretariat’s work in relation to human rights, the Biketawa Declaration and conflict prevention.

At the conclusion of its meeting the FRSC, inter alia, endorsed the Forum Security Sector Governance Principles and broadened the mandate of the Counter Terrorism Working Group to include transnational crime issues. New initiatives were also welcomed including the establishment of a regional Small Arms and Light Weapons Technical Experts Group and the development of a Model Law to Assist Pacific States Implement the Arms Trade Treaty.
The Forum Ministerial Contact Group on Fiji

Established in 2008 under the 2000 Biketawa Declaration, the Ministerial Contact Group (MCG) on Fiji was the Forum’s high-level mechanism for engaging with the Government of Fiji to encourage its return to parliamentary democracy. The MCG comprised the Foreign Ministers of Australia, New Zealand, Papua New Guinea, Samoa, Tuvalu and Vanuatu. Consistent with Forum Leaders’ decisions and commitment and support of Fiji’s return to parliamentary democracy, the Group visited Suva in February 2014 and met with the Fiji Minister for Foreign Affairs, the Attorney General and other Ministers, as well as with political leaders, the Fiji Electoral Commission, representatives of civil society organisations and trade unions.

The Group’s report, which was considered by Forum Leaders at their respective meetings in May and September 2014, noted the significant progress by Fiji toward preparations for the national election, scheduled for 17 September 2014. Leaders requested the MCG to make a recommendation to Leaders following the national election regarding Fiji’s re-admission to the Forum, taking into account the report of the Multinational Observer Group and other factors. Leaders anticipated that a positive report by the MCG would pave the way for Leaders to fully lift Fiji’s suspension from the Forum and thereby enable Fiji’s full participation in Forum activities, including Leaders meetings.

In October 2014, the Forum Chair, on behalf of the Forum Leaders, wrote to the Prime Minister of Fiji conveying the Forum Leaders’ decision to fully lift the suspension of Fiji from the Forum so that it can participate in all Forum activities, including the meetings of the Forum Leaders.

The Enhanced Consultative Mechanism on the Regional Assistance Mission to Solomon Islands

The Programme supports the Forum’s political oversight of the Regional Assistance Mission to Solomon Islands (RAMSI) through the Enhanced Consultative Mechanism (ECM) on RAMSI. The Programme also deploys a Forum Representative to the Solomon Islands, who is part of a Triumvirate, comprising senior officials from RAMSI and the Government of Solomon Islands, which monitors RAMSI’s activities.

The ECM comprises the Forum Troika of present, outgoing and incoming Forum Chairs; Permanent Members Australia and Papua New Guinea; and the Government of Solomon Islands, RAMSI and the Forum Secretariat. At the 2014 ECM meeting, the Forum Troika comprised the Republic of the Marshall Islands, Palau and Papua New Guinea.

The ECM met in August 2014 in Honiara, Solomon Islands and considered the progress of RAMSI, the withdrawal of RAMSI’s military component, the Combined Task Force; the
transfer of civilian programmes to bilateral aid programmes; and the refocusing of RAMSI’s policing component, the Participating Police Force (PPF), from frontline policing to supporting and enhancing the institutional and personnel capacities of the Royal Solomon Islands Police Force (RSIPF). The PPF, consisting of police personnel from Forum members, will remain in Solomon Islands until 2017.

The Solomon Islands Government’s and RAMSI endorsed the RAMSI PPF Drawdown Strategy 2013 – 2017, which provides the mission’s focus and planning for the next phase of support including increasing the RSIPF’s capability in the areas of training and leadership; community policing and promotion of gender equality; mobility, infrastructure and logistics; national emergency and disaster response; corporate support, policy and governance; and national security and operational capabilities.

Youth dialogue

Youth and issues affecting them continue to be of importance to Pacific Leaders. In 2013 the FRSC welcomed the steadily increasing engagement in youth issues in line with the 2012 Leaders’ Communique and encouraged the continuation of the trend by the Forum Secretariat and partner organisations. Increasing youth engagement is also consistent with the broader Forum mandate under the Framework for Pacific Regionalism for more inclusive engagement, particularly with non-state actors.

In June 2014, the Programme partnered with the Secretariat of the Pacific Community Regional Rights Resource Team (SPC/RRRT), UNDP Pacific Centre, and the Pacific Youth Council to implement a Regional Youth and Civil Society Dialogue, with the theme “Strengthening partnerships in a meaningful way.” 36 participants from 13 Forum Member Countries participated in the workshop which aimed to increase youth and civil society engagement in national and regional policy making processes. At the end of the workshop participants released a statement calling on Pacific Leaders to listen to the voices of Youth and requesting Leaders to remain loyal to their international and regional commitments toward the advancement and empowerment of youth at all levels and in all areas.

Engagement with Civil Society on Conflict, Peace and Security Issues

Civil Society Organisations (CSOs) play an important role in national development, either through service provision or bottom-up research and advocacy to influence national policies and promote governmental transparency and accountability. The Programme actively engages civil society partners in its work including regarding human rights; security sector governance; conflict prevention; unexploded ordnance; sexual and gender based violence; and women, peace and security. As such civil society partners’ expertise and views contribute to the implementation of mandates and the
delivery of services in these areas, consistent with ongoing efforts to coordinate, consolidate and mainstream civil society engagement into regional policy processes.

In 2014 headway was made to strengthen the PIFS-CSO Dialogue on conflict, peace and security, the mechanism established in 2009 to enable civil society to contribute to regional policy processes through the FRSC. Cognizant of the value in ensuring its continued utility and relevance, after four years of implementation both the Programme and civil society partners agreed on the benefit of expanding the Dialogue across the Secretariat. This coincided with the establishment of a Forum Secretariat Working Group in 2013/2014 which extensively discussed and consulted on modalities to strengthen engagement with civil society across all three thematic programmes of the Secretariat. The Dialogue on conflict, peace and security will be incorporated into a Secretariat-wide engagement mechanism, from which specific thematic issues will be progressed by the relevant programme.

Engagement with regional and international organisations and agencies

The Programme has established and cultivated strategic partnerships with stakeholders within and beyond the Pacific region, which provide valuable opportunities for mutually beneficial collaboration and sharing of information and resources to better respond to and address political, governance and security priorities identified by Members. Within the region, the Secretariat continued to reinforce relations with regional law enforcement and legal organisations, including by participating and presenting at their annual meetings: the Pacific Islands Law Officers’ Network (11-12 November, Tarawa, Kiribati); Pacific Ombudsman Alliance (3-4 April, Adelaide, Australia); Oceania Customs Organisation (7-9 April, Suva, Fiji); Pacific Islands Chief of Police (13-16 October, Auckland, New Zealand); and Asia Pacific Group on Money Laundering (15 – 19 July, Macau, China). The Programme maintains strong working relations and partnership with UN agencies including UNDP, Office of the High Commissioner of Human Rights (OHCHR), UN Women, UNICEF, Department of Political Affairs and other relevant UN offices with regard conflict prevention and recovery; political and governance issues; weapons disarmament and non-proliferation issues; the post-2015 Development Agenda and the Millennium Development Goals; transnational organised crime and counter terrorism; and human rights amongst other matters.

The Programme also continued to develop constructive working relationships with other international organisations including International IDEA, which facilitates inter-organisational exchange of information on mechanisms, policies, and research concerning democracy; and advances inter-regional understanding and collaboration on regional support for democratic processes and institutions.

Providing advice and assistance on regional security and governance priorities

Transnational and Organised Crime

The Programme compiled the 2014 Pacific Transnational Crimes Assessment (PTCA) in collaboration with key regional law enforcement agencies to inform Members of emerging transnational crime trends, discuss significant case studies and highlight priority issues as identified by law enforcement agencies across the region. While the PTCA is developed primarily to inform and guide the discussions of the FRSC, it also serves as an important Pacific Islands information resource for wider national, regional and international law enforcement discussions. The 2014 PTCA identified significant transnational crimes in the region, provided an analysis of the main crime types and discussed key challenges faced by law enforcement agencies such as (a) the growing availability of hard drugs for domestic consumption in the region; (b) the continued need to build the capacity of law enforcement agencies to effectively combat financial crimes, money laundering and cybercrime; and (c) the need for further information on victims of trafficking as well as the financial impacts of transnational organised crime on efforts to pursue economic growth and sustainable development in the Pacific.

The PTCA also reported on the regional law enforcement Pre-FRSC Meeting held in May 2014 and highlighted four priority issues raised

---

1 Contributions were received from the Pacific Transnational Crime Coordination Centre (PTCCC) on behalf of the Pacific Islands Chiefs of Police (PICP), Pacific Islands Forum Fisheries Agency (FFA) and the Secretariat of the Pacific Community Economic Development Division (SPC EDD).
for priority consideration by the FRSC\(^2\) being the need to: (a) combat organised crime groups in the region; (b) prevent or minimise corruption as a facilitator of organised crime; (c) improve law enforcement intelligence management focusing on the development of processes and possible law enforcement products; and (d) combat cyber-crime and internet facilitated crime. Accordingly, the FRSC encouraged regional law enforcement Secretariats and relevant regional organisations to develop, where appropriate, programmes and initiatives to address issues raised in the 2014 Pacific Transnational Crimes Assessment, especially in relation to the priority areas identified by the Pre-FRSC meeting. Relevant FRSC decisions were conveyed to national law enforcement agencies through participation at the annual meetings of regional law enforcement partner organisations.

As part of efforts to enhance engagement between Members and regional law enforcement partners and to also improve discussions regarding the nexus between terrorist threats and transnational crime, the FRSC in 2014 agreed to expand the mandate of the Working Group on Counter Terrorism to include focus sessions on transnational crime.

**Counter-terrorism**

A key priority of the Programme is supporting Members: to address potential terrorist threats; meet obligations under international counter-terrorism instruments; and implement the Financial Action Task Force (FATF) standards to support global anti-money laundering/countering the financing of terrorism (AML/CFT) activities. To coordinate regional counter terrorism activities of Members and law enforcement partner agencies, the Programme facilitated and co-chaired with the Government of New Zealand a meeting of the Working Group on Counter Terrorism on 3 June in Suva, Fiji. Members provided briefings on existing national counter terrorist activities and discussed capacity building and technical assistance needs with representatives of regional law enforcement bodies, UN Office on Drugs and Crime (UNODC) and the Asia Pacific Group on Money Laundering (APG). In July 2014, on the fringes of the Annual APG Conference, the Programme 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 and opportunities for 2014 – 2015.

In terms of capacity building activities, the Secretariat supported a series of APG Workshops in January 2014 to train mutual evaluation assessors, assist Members in undertaking national risk assessments as required by the Revised Financial Action Task Force 40 Recommendations, and discuss money laundering typologies linked to drug trafficking in the Pacific. At the request of Samoa, the Programme also facilitated an in-country training workshop in Apia on money laundering investigations and prosecutions as part of the Secretariat’s wider Inter-Agency Border Enforcement Training in July 2014.

**Security Sector Governance**

As part of regional efforts to strengthen democratic principles, the Rule of Law and transparent civilian oversight of national security and law enforcement agencies, Forum Leaders in 2014 endorsed the Forum Security Sector Governance (SSG) Principles to underpin and guide future SSG activities undertaken by Members and the Secretariat. The fifteen (15) SSG principles were developed by the Programme in consultation with public sector and civil society representatives of Forum Member countries and discussed in depth during a regional workshop held in May 2013.

As part of the Secretariat’s efforts to promote security sector governance, the Programme in November 2014 supported a Republic of Palau in-country three day national workshop to consider the development of a National Security Policy. The Programme funded technical experts from the Asia Pacific Centre for Security Studies and the Government of Papua New Guinea to facilitate the workshop, with additional NSP workshops planned for Tuvalu and Vanuatu postponed to 2015 due to scheduling issues.

**Unexploded Ordnance**

The presence of Unexploded Ordnance (UXO) and other abandoned remnants of WWII remains a human security problem for many Members, threatening public health, safety and

---

\(^2\)The 2014 Pre-FRSC Meeting was attended by representatives from FFA, Oceania Customs Organisation (CCO), PICP, Pacific Immigration Directors’ Conference (PIDC), PIFS, Pacific Islands Law Officers’ Network (PILON) and SPC-EDD.

\(^3\) These issues were also raised in 2013 but remained a priority for the regional law enforcement agencies in 2014.

\(^4\) The Programme was able to obtain the assistance of the Australian Federal Police to secure two money laundering experts to provide the training.
the environment. The 2012 Forum’s Regional Strategy on UXO aims to improve coordination between national administrations, donors and demining organisations to mitigate and remove the threats posed by the presence of UXO in many FICs. Since its inception, the Strategy has proved valuable in generating a significant increase in demining activities in the region, including renewed financial and technical assistance from Japan toward demining activities.

In 2014 the Programme continued to assist Member countries increase knowledge, policies and skills at the national level to address their specific UXO issues. These included, in collaboration with relevant organisations, organising an in-country workshop in Tarawa and funding a UXO technical expert to assist the Government of Kiribati develop a National UXO Policy and Plan of Action. The Programme also supported a US-funded research project to obtain historical data to help understand the extent of the contamination in the region.

Small Arms and Light Weapons

The Programme continues to support regional efforts to combat the illicit use and trade of small arms and light weapons (SALW) by offering technical assistance to Members to review and amend national firearms laws (drawing on the principles for SALW regulation contained in the regional Model Weapons Bill) and to implement the UN Programme of Action on SALW (UNPoA). In 2014, to support the development of effective national SALW regulations and policies, the FRSC endorsed a SALW Technical Experts Group to facilitate the sharing of specialised firearms and ammunition expertise among Members. A core group of experts were identified in late 2014 with the Programme looking to engage with Members in 2015 to determine priority needs and develop possible initiatives. As part of these activities, in December 2014 the Programme partnered with the UN Institute for Disarmament Research and the International Small Arms Control Standards (ISACS) Implementation Support Unit to deliver a four day regional train the trainers workshop on ISACS in Wellington, New Zealand. The workshop trained 13 participants representing various policy, law enforcement and civil society organisations working in the Asia Pacific region on the use of ISACS to strengthen the capacity of Members to regulate SALW stockpile management; marking, record keeping and tracing; and border control and law enforcement cooperation.

Weapons disarmament and non-proliferation issues

The Programme is responsible for the Forum Secretariat’s role as the focal point for the South Pacific Nuclear Free Zone Treaty (the Treaty of Rarotonga). In 2014, the Programme continued to: provide advice to Member countries on the status and operation of the Treaty; promote the Treaty in regional and international meetings dealing with security and disarmament issues; liaise with secretariats of other nuclear free zones in relation to relevant developments; and ensure public awareness of and access to the Treaty and relevant documents.

In June 2014 the FRSC endorsed the Model Law to Assist Pacific States to Implement the Arms Trade – an initiative of the Government of New Zealand and developed in consultation with legal officials from Pacific Island Countries and the Forum Secretariat. The Programme has since worked to promote awareness of the Model Law (including at the Regional Legal Assistance Workshop on the Arms Trade Treaty, hosted by the Government of Cambodia and UN Regional Centre for Peace and Disarmament in Asia and the Pacific in December 2014) and offer assistance to Forum Island Countries in the implementation of the Model Law.

Law enforcement information

A key part of the Programme’s activities involves supporting the Working Group for Strengthening Information Management (WGSIM) which was formed by the FRSC in 2010 to strengthen the capacity of national and regional law enforcement agencies to collect, manage and share information to combat transnational crime. Since its establishment, the working group has developed a regional resource toolbox with a number of guides and templates to support law enforcement agencies seeking to enhance their information sharing capacities. An important part of this toolbox is a regional best practices document that identifies key activities required for effective law enforcement information sharing and provides guidance on the use of the developed resources.

In September 2014, the Programme coordinated a WGSIM meeting to develop additional resources for the toolbox such as: (a) a draft framework for a Regional Law Enforcement Information and Intelligence Strategy to coordinate national and regional activities; (b) a model regional information security classification system for FRSC endorsement; and (c) a standardised set of model information and intelligence products.
to guide law enforcement activities for Members to adapt where appropriate.

**Law Enforcement Capacity Development Activities**

In collaboration with a range of organisations the Programme funds, facilitates and delivers training for law enforcement officers at national and regional levels, focusing on border protection, anti-money laundering, people trafficking and smuggling, and drug identification training. The Programme also keeps Members abreast of capacity building initiatives offered by relevant partners.

In 2014 the Programme continued to facilitate the in-country inter-agency Border Security Training, a joint initiative with the Department of Immigration and Citizenship of Australia, Immigration New Zealand, Oceania Customs Organisation, and the Pacific Immigration Directors’ Conference. The training enhances the capacities of Forum Island Countries to effectively manage their borders and target all agencies working in this area – immigration, customs, police, quarantine, civil aviation, ports and fisheries authorities, and airlines. In 2014 Nauru and Samoa received the Border Security Training, bringing the total number of Forum Island Countries to have undergone the training to 10.

The Programme also collaborated with the UNODC, New Zealand Police and the Institute of Environmental Science and Research to deliver training on the identification of illicit drugs and precursor materials, in the process developing the capacity of frontline law enforcement officers to detect and identify illicit drugs and precursors.

**Human Security and Gender Sensitive Policy for Sustainable Development Workshop**

The Human Security Framework for the Pacific 2012-2015 illustrates the understanding of human security in the Pacific developed on the basis of guidance by Members and partners. The Framework aims to provide a clear common foundation and strategic guidance to Forum Island Countries, the Secretariat and other stakeholders on improving understanding, planning and implementation of human security approaches in stand-alone and broader peace, security and development initiatives in the Pacific context. The key focus for the period 2012-2015 is to use the Framework as a guide for security and development interventions.

In November 2014, the Programme convened a workshop on Human Security and Gender Sensitive Policy for Sustainable Development, targeting countries about to review their National Sustainable Development Plans, namely Kiribati, Papua New Guinea, Samoa, Solomon Islands and Vanuatu. Participants identified key human security and gender issues that impact national development outcomes, and considered issues-based case studies including linkages between human security and land management in Vanuatu; disaster management in Solomon Islands; and national policing and defence policy in Papua New Guinea. This allowed participants to examine the human security challenges affecting the achievement of equitable development in their countries, including climate change and related human security issues (e.g., food security), land security, unemployment and underemployment especially of women and youth, and gender based violence. Participants from Kiribati also examined the possibility of establishing a Government of Kiribati Human Security Framework to be overseen by National Human Security Task Force and aimed at
mainstreaming human security principles into ministry programmes and activities.

**Mainstreaming Women, Peace and Security**

The Regional Action Plan on Women, Peace and Security (WPS) was endorsed by the Forum Regional Security Committee in 2012. The Plan provides a regional level framework for Forum Members and Pacific Territories to implement UN Security Council Resolution 1325, which specifically acknowledges the impact of war on women and women’s contributions to conflict prevention and sustainable peace. The Plan addresses three key issues: (i) enhancing women and young women’s leadership in conflict prevention and peace-building; (ii) mainstreaming gender in security policy-making; and (iii) ensuring women and girls’ human rights are protected in humanitarian crises, transitional contexts and post-conflict situations.

The Pacific Islands Forum Reference Group on Women, Peace and Security met in March 2014 and agreed to mainstream WPS commitments into relevant regional and national plans, frameworks and mechanisms, rather than have WPS as a standalone initiative. Four policy areas were also identified as priorities for mainstreaming: Security Sector Governance; Humanitarian emergencies and climate change; Forum mechanisms; and the post-2015 sustainable development agenda. The Reference Group also provided recommendations on the inclusion of WPS commitments into the Integrated Regional Strategy for Disaster Risk Management and Climate Change in the Pacific, as well as discussions shaping the post-2015 sustainable development agenda.

**Sexual and Gender Based Violence**

Sexual and Gender Based Violence (SGBV) has been recognised as a serious human security threat to the Pacific region. Following a commitment by Pacific Islands Forum Leaders to eradicate SGBV and ensure all Forum citizens have equal protection of the law and equal access to justice, the Programme established a high level Reference Group to guide the Programme’s support of Forum Member’s national responses to eradicate SGBV. The Pacific Islands Forum Reference Group to Address Sexual and Gender Based Violence comprises government officials and representatives of international and regional organisations and civil society.

In 2014 the Programme on behalf of the Reference Group, coordinated Gender Responsive Budgeting (GRB) analyses for Kiribati and Solomon Islands, following a scoping mission undertaken in 2013 to identify methodologies for undertaking economic analyses of the cost of violence against women in the Pacific context. The GRB was undertaken in partnership with local stakeholders, and is anticipated to provide strategic information and recommendations on resourcing interventions to address SGBV in Kiribati and Solomon Islands.

**Election Observation**

At the invitation of the Solomon Islands Government, the Programme facilitated a Pacific Islands Forum Election Observer Team to observe the national election, held on 19 November 2014. The Team comprised Father Charles Vatu, Principal Electoral Officer of Vanuatu (Team Leader); Papali’i Malietoa, Electoral Commissioner of Samoa; the Pacific Islands Forum Representative to Solomon Islands; and two Programme staff.

The Forum Team was impressed with the peaceful and orderly manner in which the 2014 national elections were carried out and commended the Solomon Islands Electoral Commission (SIEC) on its achievement in conducting the national election. While the Team observed institutional weaknesses with regard the conduct of elections, it did not observe any systematic fraud or attempts to pervert the electoral process.

**International Human Rights Treaties**

The Programme coordinates the implementation of an European Union funded project to support Forum Island Countries ratify, implement and report on the core United Nations human rights conventions and the Rome Statute of the International Criminal Court. The project is implemented in close collaboration with SPC/RRRT, the Office of the High Commissioner for Human Rights, UN Women and UNICEF.

In order to further encourage support for international human rights treaty ratification, implementation and reporting the Programme facilitates national and regional human rights consultations and workshops. This has resulted in the establishment of national human rights committees in some Forum Island Countries. In 2014 human rights consultations were held in Tonga (March 2014) and the Republic of
Marshall Islands (April 2014). The Secretariat and its partners also supported the work of Forum Smaller Island States (SIS) Desk Officers from Kiribati, Palau, Republic of Marshall Islands and Tuvalu in respect of human rights work, including the development of their respective governments’ Common Core Document.

Universal Periodic Review
The Secretariat, in close collaboration with SPC/RRRT and OHCHR continues to provide technical and policy advice with regards to Forum members’ Universal Periodic Review reports to the UN Human Rights Council. The Governments of Kiribati, Republic of Marshall Islands, Nauru and the Federated States of Micronesia convened their respective national consultations for their second UPR report to the Human Rights Council.

Preparations for the second round of UPR reporting have enabled closer working arrangements between the Secretariat and its partners with Forum Island Countries on the implementation of agreed recommendations, particularly with the development of specific frameworks on the situation of human rights in Forum member countries.

Regional Support for Legislative Development
In recognition of limited resources in the region for developing legislation – as well as the role of legislative reform in supporting many national and regional policies and initiatives – the Programme undertakes a number of activities to assist the development of effective legal frameworks in Forum Island Countries.

In 2014 the Programme provided a range of technical legal assistance to Forum Island Countries, including: drafting mock bills for debate in a Practice Parliament for Women, convened by the Parliament of Tonga; developing a Legislative Handbook for Members of Parliament of Tonga; and reviewing the laws of the Republic of Marshall Islands for consistency with the UN Convention on the Rights of Persons with Disabilities.

The Programme also actively facilitates professional development opportunities to improve the legislative drafting skills of government lawyers from Forum Island Countries. In April, the Programme convened and facilitated (for the second time) a meeting of the Pacific Legislative Drafters’ Technical Forum. The Drafters’ Forum provides Pacific legislative drafters opportunities to build professional contacts, and share experience and information in legislative drafting. The meeting was attended by parliamentary counsels, senior legislative drafters and senior government lawyers from participating Forum Island Countries, as well as representatives from national, regional and international organisations that provide legislative drafting assistance or work with Forum Island Countries on projects involving legislative review/reform. The meeting included an intensive training on Legal Policy Development, delivered by the Australian Attorney-General’s Department. Funding support was also provided to government lawyers from Forum Island Countries to undertake the University of the South Pacific’s Professional Diploma in Legislative Drafting and attend the Regional Legislative Drafting Seminar organised by the Commonwealth Secretariat on 23 – 27 June in Auckland, New Zealand.

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 their 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 PIFS website.

In 2014, three more countries ratified the 2009 Amendments to the Pacific Islands Civil Aviation Safety and Security Treaty (PICASST), and two countries ratified the Trade in Services Protocol to the Pacific Island Countries Trade Agreement (PICTA).
ECONOMIC GOVERNANCE

Overview

The Economic Governance Programme provides economic, trade and private sector related policy advice to Members, coordinates and reports to the Forum Ministerial Meetings on Economics and Trade, and facilitates the Private Sector Dialogue engagements. It works with Members to deliver a range of economic reforms, implementation of trade agreements and trade-related assistance, including support for trade negotiations, 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. To leverage its work, the Programme partners with other development agencies to facilitate assistance on economic and trade measures, and private sector engagement with Members where limited internal capacity exists.

Ministers Meetings

The 2014 Forum Economic Ministers Meeting (FEMM) was held in Honiara, Solomon Islands with a specific focus on Sustainable Economic Development via Strengthened Economic Linkages; Climate Change Financing and Disaster Risk Reduction; Improving Financial Infrastructure and Fiscal Space; and the Forum Compact. In partnership with the Food and Agriculture Organisation, and the South Pacific Tourism Organisation, the Secretariat facilitated a study on tourism and agricultural linkages which was tabled as the key thematic paper for discussions on strengthening economic linkages.

Following the Forum Leaders’ decision of 2013 to ensure that there is comprehensive discussion between Economic Ministers and private sector representatives prior to the dialogue with Leaders, the Private Sector Dialogue Workshop was held in the margins of FEMM, followed by the Private Sector dialogue with the Economic Ministers during the FEMM plenary. The Private Sector Dialogue with the Forum Leaders focused on Fiscal Reforms and Payment System Efficiencies and the impact they have on the private sector operations in the region, together with other key aspects relating to strengthening private sector development.

The FEMM concluded with the Joint Forum Economic and Health Ministers Meeting which was hosted collaboratively by PIFS, SPC and WHO. Discussions at this joint meeting focused on the economic costs of Non-Communicable Diseases (NCDs) as well as the NCDs roadmap outlining the specific support from the Economic Ministers to address the state of NCDs in Forum Island Countries. The NCDs roadmap was jointly endorsed by the Economic and Health Ministers with a Joint Statement and an Action Plan to be followed-up by relevant technical agencies.

The 2014 Forum Trade Ministers Meeting (FTMM) was held in Tarawa, Kiribati on the theme “Leveraging Economic Growth Opportunities through Trade Promotion and Facilitation Reforms”, aligned with global efforts towards improving trade facilitation. In addition to the discussion on the standing agenda items for FTMM, the Ministers considered various aspects of innovative options for improving core trade promotion and facilitation initiatives in the region linking to the broad theme of the Meeting.

Coordination Role

The Economic Governance Programme continues to provide secretarial support to important inter-agency working groups, such as the Technical Assistance Providers and Donors informal Working Group and Waiheke Declaration Technical Working Group. Furthermore, support was provided to the Tuvalu Minister of Finance, Chair of the 2014 Pacific Developing Member countries, during the ADB Annual Meeting, and the Solomon Islands Minister of Finance at the Commonwealth Finance Ministers Meeting and World Bank Pacific Seminar held in the margins of the IMF-World Bank Annual meeting to assist in making statements on issues of importance to the Pacific region.
In-country support for Promoting Growth and Development Policy

The Programme, as part of its ongoing in-country economic policy support to Members, was engaged in providing technical assistance through State consultations in Chuuk, Pohnpei and Yap in the Federated States of Micronesia (FSM), as part of the 2023 Economic Planning Committee formed to address the long-term fiscal issues and strategies to grow the economy through inclusive private sector development.

In January, the Programme was part of the regional effort to provide Cost-Benefit Analysis training and supported a regional workshop in Suva. In April, the Economic Governance Programme conducted a workshop on Economic Modeling and Forecasting for economists from the Central Bank of Solomon Islands and the Solomon Islands Ministry of Finance and Treasury.

Capacity Building through Regional Systems

The Programme co-organised two regional workshops on Economic Forecasting and Long term Fiscal Planning, in collaboration with ADB, Pacific Financial Technical Assistance Centre (PFTAC) and PICPA. The Forum Secretariat also supported the ongoing work of the Pacific Association of Supreme Audit Institutions (PASAI) on Debt Performance Audit for Forum Members, including Cook Islands, Fiji, FSM National and State Government, Palau, Republic of Marshall Islands, and Samoa, to improve regional audit initiatives.

The Programme, together with a team of experts from UNESCAP, UNDP and SPREP, carried out a mid-term review of the Kiribati National Development Plan. At the 2014 Energy and Transport Ministers Meeting in Denarau, Fiji, PIFS was requested by Energy Ministers to work with the United Nations Industrial Development Organisation to facilitate the tender process for the establishment of the Pacific Centre for Renewable Energy and Energy Efficiency (PCREE). This work is well underway and the PCREE is expected to be established in 2015.

Improving the amount and quality of Pacific infrastructure data was augmented by the Forum Secretariat partnering with the Pacific ICT Regulatory Resource Centre, Pacific Regional Infrastructure Facility (PRIF) and SPC on the Pacific Infrastructure Performance Indicators Project. The primary objective of this project is to measure infrastructure performance in the Pacific and provide the data to stakeholders. The report is expected to be finalised in 2015. The Forum has also been working with the PRIF and the Pacific Disability Forum to progress new work on the accessibility of infrastructure by persons with disability.

A new piece of work for the Programme has been in the area of Disaster Risk Management, with financial support from the Government of Japan. The Programme was able to take an active role in advancing the draft Strategy for Climate and Disaster Resilient Development in the Pacific. The inclusion of the views of economic Ministries and officials was supported by the involvement of a representative of the Government of Tonga in the Steering Committee.

Air Services Agreement

Air services continue to play an important role in the transport sector particularly with the movement of goods, services and people including tourists. In supporting the need for more efficient air services in the region, the Programme developed a process to commence a review of the Pacific Islands Air Services Agreement. During the preparation of the Terms of References, countries and relevant stakeholders were consulted and allowed to provide input. Ministers at the 2014 Transport Ministers Meeting agreed to support the review of PIASA.

Women’s Economic Empowerment

Following the commitment by Forum Leaders under the Waiheke Declaration in 2011 and the Leaders’ Gender Equality Declaration in 2012 to increase economic opportunities for women to participate in the formal labour market and as entrepreneurs, the Forum Secretariat conducted a Survey on Women’s Representation on State Owned Enterprise Boards. This report was presented for discussion at the 2014 FEMM, following which further refinements are to be brought to the analysis and the survey results to be published in 2015. The Programme also continues to work with the Gender Working Group (through the Social Policy Unit) on issues related to addressing constraints on economic empowerment of women in the region.
Expanding the Trade Agenda - PICTA

In line with the Leaders’ decision, the Secretariat has been working with the FIC Parties to PICTA that are yet to announce readiness to trade under the Agreement. To date, seven of the fourteen FICs, namely the Cook Islands, Fiji, Niue, Samoa, Solomon Islands, Tuvalu and Vanuatu have announced their readiness to trade under PICTA.

The PICTA protocol on Trade in Services (TIS) include common priorities for all FICs, notably tourism, transportation and business services as a starting point for liberalisation in the region. The liberalisation of additional services sectors may be pursued in future negotiations.

To date, ten countries have signed the Protocol, namely the Cook Islands, FSM, Kiribati, Nauru, RMI, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. As of December 2014, four countries had ratified the agreement, Nauru, RMI, Samoa and Tuvalu. The PICTA TIS protocol will come into force after six countries have ratified.

PACER Plus Negotiations

PACER Plus negotiations have progressed quite considerably in 2014. The Seventh Meeting of the Officials on the Pacific Agreement on Closer Economic Relations (PACER) Plus was held in Nadi, Fiji on 11 December 2014. By the end of 2014, negotiations on Customs Procedures, Sanitary and Phytosanitary (SPS), Technical Barriers to Trade (TBT), Initial Provisions, Final Provisions and Transparency Chapters were concluded. Trade in Services (TIS) negotiations are close to being concluded with only few outstanding issues remaining. More discussions are required regarding Labour Mobility and Development before the countries can conclude negotiations.

Non State Actors (NSA) Dialogue on PACER Plus

The Fourth Dialogue with Non-State Actors (NSAs) on the Pacific Agreement on Closer Economic Relations (PACER) Plus was organised by the Pacific Islands Forum Secretariat, with the theme “Enhancing NSA Engagement in PACER Plus” on 12 December 2014 in collaboration with the Pacific Islands Association of Non-Government Organisations (PIANGO) and the Pacific Islands Private Sector Organisation (PIPSO). The Dialogue provided an opportunity for officials involved in PACER Plus negotiations to brief NSAs on the content and progress of PACER Plus negotiations and to discuss issues of interest, ask questions and provide views on the goals and objectives of the proposed trade agreement.

Trade Negotiations on the Comprehensive EPA

A significant role of the Pacific Islands Forum Secretariat is building the capacity of its members in trade policy formulation and
negotiations. By attending regional meetings as well as international negotiations with the EU on the EPA, Pacific ACP (PACP) senior trade, customs, legal and fisheries officials build their technical knowledge and negotiating skills on trade-related matters. This has had positive flow on effects for trade negotiations with other partners such as Australia and New Zealand in PAC Plus.

With the assistance of the EU funded Pacific Integration and Technical Assistance Project (PITAP), the Secretariat was able to assist the 14 PACP States (PACPS) in the convening of five sets of EPA related meetings in 2014. This constituted a senior trade and fisheries officials meeting, one trade and fisheries ministers meeting, two Trade Experts Advisory Group (TEAG) on Fisheries meetings and one informal PACP-EU video conference on fisheries. A comprehensive report on the activities supported by the PITAP in 2014 is available at www.forumsec.org.

**Trade Relations with the United States of America**

At the PACP Trade and Fisheries Ministers Meeting in April 2014, Ministers endorsed the terms of reference for the Pacific Islands Forum Secretariat to commission a Joint Study with the Pacific Islands Forum Fisheries Agency and the East West Center to assess the feasibility of establishing a development-oriented trade and investment arrangement with the United States of America (US). At the Pacific Islands Forum Leaders Meeting in Palau in August 2014, based on the Secretariat’s proposal on behalf of PACPS, the US government announced a grant of USD 250,000 to fund a regional workshop that would be used to discuss the findings from the Joint Study as well as an opportunity to undertake capacity building and training of trade and fisheries officials, as well as the private sector, to better utilise trade opportunities in the US market. The regional workshop will be facilitated in 2015.

**WTO and Geneva Support Office**

The PIF Permanent Representation to the WTO in Geneva (Geneva Office) represents the interests of the FICs in the WTO negotiations, including through the strategic alliances that the FICs are members of (for example, ACP group, Small and Vulnerable Economies, LDCs).

In 2014, the Geneva Office intensified its support to the FICs focusing primarily on the decisions of the 9th WTO Ministerial Conference (MC9). The Geneva Office engaged with the trade-related international organisations based in Geneva such as the United Nations Conference on Trade & Development (UNCTAD), the International Trade Centre (ITC), the World Bank’s International Finance Corporation and other relevant agencies to seek the implementation of MC9 decisions for the Pacific Members.

An active area of work for the Geneva Office included representation of Pacific interests in multilateral Aid for Trade (AFT) discussions to secure multilateral AFT assistance from the WTO and other trade-related international institutions based in Geneva and Brussels to assist the FICs implement their WTO obligations, and build the capacity of trade and related departments/ Ministries to engage on the WTO issues and to strengthen trade/export capacity. Positive results through these initiatives are expected in 2015.

The Geneva Office continued to support the FICs in their engagement in the development of the Work Program on the Doha Development Agenda (DDA) and develop Pacific positions in preparation for the WTO 10th Ministerial Conference (MC10) planned for 2015. Technical co-operation activities in the areas of trade in services; TIS statistics; Agriculture; and Fisheries Subsidies are expected to be delivered in 2015.

**Formulation of Trade and Investment Policy Frameworks**

The Secretariat supports the FICs in developing comprehensive Trade and Investment Policy Frameworks to mainstream various policies to support overall growth, including focus on specific economic sectors of interest.

The formulation of Trade Policy Frameworks (TPFs) for FICs is an important activity of the Economic Governance Programme funded under the Pacific Integration Technical Assistance Project (PITAP) and the Hubs and Spokes programme.

In 2014, significant progress was made with regards to the formulation of TPFs for member countries. The formulation of the Palau Trade and Investment Policy Framework commenced in November 2014 while work on the completion of Tuvalu’s TPF was jointly undertaken between the Forum Secretariat and UNDP towards the
latter part of the year. Discussions with the International Trade Centre also commenced for the preparation of Tonga’s revised TPF. The Niue TPF was reviewed by the Forum Secretariat based on Niue’s National Trade Facilitation Committee (NTFC) request prior to its finalisation. Work on Cook Islands TPF is being progressed with a second in-country consultation to be undertaken in 2015.

FICs are at various stages in the completion of their TPFs, which is testament to the commitment the Forum Secretariat has in working with member countries. Fiji, had its TPF finalised and endorsed by its Cabinet in November 2014. Since 2011 a number of FICs have had their TPFs endorsed by their respective Governments including the Federated States of Micronesia (FSM) in 2011, the Republic of Marshall Islands (RMI) and Vanuatu in 2012, followed by Nauru in 2013.

**Promotion of Trade and Investment/ Private Sector Development**

Through the Forum’s trade and private sector development initiatives, PT&I efforts focus on connecting exporters with international buyers, help develop the export capability of the private sector, drive exports to new markets, promote new and emerging products to new markets, build the capacity of the private sector in a range of sectors, build dedicated tourism online databases to enable countries to promote their offerings, promote and facilitate investment missions in a host of countries, facilitate foreign investors, and more.

The Forum Secretariat and its Pacific Islands Trade & Invest network of offices present in Auckland, Beijing, Geneva, Sydney and Tokyo took on the task of increasing the diversification of exports and investment for businesses; increasing trade and investment opportunities for women; increasing the demand for creative industries and indigenous knowledge products; and improving the capacity for tourism promotion.

The detailed report of the PT&I activities for 2014 is published separately, and can be accessed from www.pacifictradinvest.com

In 2014, whilst much effort was centered on export capable businesses, efforts were made to include SMEs to address specific areas that required strengthening. Agriculture and manufactured goods were found to be the largest exports from the Pacific. A food company from the Pacific found niche markets in Europe and China while water, coffee, cocoa, noni juice, raw and processed fish and vanilla kept up with the usual market trends in the traditional
markets with expansion into Asia and Europe. The Forum’s partnership with the Secretariat of the Pacific Community to enhance the cultural industries in Fiji, Samoa and Solomon Islands paid dividends for cultural producers, artists, musicians and fashion collectives. Government departments of Culture, Heritage and Arts have made renewed commitments to strengthen their cultural industries as a driver of economic benefits to their informal sectors. With donor assistance from the EU through the ACP Cultures+ project, the Secretariat’s efforts in this area will continue. The Secretariat also continued discussions with WIPO on developing a work programme for the Traditional Knowledge Action Plan for the FICs.

**Pacific Aid for Trade Strategy**

The Aid for Trade (AfT) Team provides technical support and advice in addressing trade-related needs of FICs. During 2014, significant progress on AfT initiatives was made including the launch of the Pacific Aid for Trade Strategy (Strategy) 2014-2017, the development of a Consolidated AfT Matrix, project proposals and signatures from Pacific Island Countries (PICs) to the Memorandum of Understanding to establish the Pacific Regional Trade and Development Facility (Facility). These initiatives assisted PICs in meeting their trade potential, tap into new exports and markets, address the capacity constraints facing the region and increasing resource mobilisation.

The vision of the Strategy is to create optimal conditions for regional export-led and pro-poor growth in PICs, taking into account the particular challenges of geographic isolation, the rich cultural and natural resources of the islands and the market opportunities both within and outside the region. The goal of the Strategy is to facilitate trade expansion in PICs and in turn contribute to their economic prosperity and sustainable development.

A key part of implementing the Strategy will be through the Consolidated AfT Matrix and the Facility as a tool to mobilise additional AfT resources to realise their priority needs as identified by PICs themselves. This Strategy will be a guide for governments, regional institutions and donor partners to better align aid flows with the collective priorities of PICs and to meet the challenges of regional integration. Discussions with key strategic partners for the 5th Global Review of AfT also commenced in 2014 with projects defined for engagement in 2015.

**European Development Fund (EDF) and Regional Authorising Officer (RAO) Role**

During 2014 substantial support was provided for the effective design and implementation of EDF funds and programmes. Due to the important functions, technical roles, and the overall coordination and management responsibility that the Secretariat performs, funding was allocated from the 10th EDF PacificRIP to provide additional necessary support to the RAO and the Pacific region through the signing of a Contribution Agreement for a Support Programme to the RAO (SP2RAO). The overall objective of the SP2RAO is to contribute to poverty reduction in the Pacific via the strengthening of regional cooperation and integration. The SP2RAO is expected to increase the capacity of the RAO to coordinate, implement, report and improve awareness on the EDF PacificRIPs, and provide technical support to Small Island States, NAOs and Technical Implementing Agencies. The Secretariat, in its role as the Duly Mandated Regional Organisation (DMRO); and the Secretary General as the RAO, continued to support the Pacific ACP States and various implementing agencies in accessing the EDF resources. In 2014, the Support Programme to RAO was established to provide appropriate policy advice and technical assistance support on EDF matters to ensure that the Secretariat continues to effectively deliver its mandates as the DMRO.

The Secretariat, jointly with the EU Delegation for the Pacific, held the second round of consultations for the programming of the 11th EDF Pacific Regional Indicative Programme (PacificRIP) on 27 February 2014, with a range of regional stakeholders. The aim of this consultation was to seek clearly defined ‘focal’ areas that responded to the priority needs of the region, thus forming the basis for the formulation of the 11th EDF Pacific RIP for 2014 to 2020. Identification of priority areas was also informed by key policy documents such as the EC’s Communication on “Increasing the Impact of EU Development Policy: An Agenda for Change; Towards a Renewed EU-Pacific Development Partnership” and the Framework for Pacific Regionalism. The European Union announced an allocation €166 million for the...
11th EDF PRIP
The 11th EDF PacificRIP is anchored in the regional values of the Framework for Pacific Regionalism. Reflecting the region’s commitment to advance Pacific regionalism beyond regional cooperation towards deeper forms of regional integration where there are clear prospects and equitable benefits to be gained, there is general agreement for Regional Economic Integration; and the Sustainable Management of Natural Resources and the Environment focusing on fisheries and waste management as the two focal sectors. Inclusive and Accountable Governance has been identified as the cross cutting priority for consideration under the 11th EDF PacificRIP.

The National Authorising Officers (NAOs), in their role as Members of the Regional Steering Committee for the Pacific (RSCP) endorsed the final draft PacificRIP in October 2014. This was then submitted to the EU Delegation for internal consideration and approval in order to finalise the PacificRIP, with the signature of PRIP expected to be in 2015.

To date, €114 million of the 10th EDF Programmes and projects have been fully allocated and implementation is in progress. 79% of these funds have been committed and 44% has been paid to date. Payments for project funds are expected to increase in 2015.
Overview

The Strategic Partnership and Coordination Programme (SPCP) provides high quality advice and services on a range of key areas of importance to member states. In 2014 it supported the development of the new Framework for Pacific Regionalism, which replaced the Pacific Plan.

Through the new Framework, Pacific Leaders will reassert their primary role in setting and driving the political agenda for regional integration and cooperation. The Framework envisages “a region of peace, harmony, security, social inclusion and prosperity, so that all Pacific people can lead free, healthy and productive lives” and was developed following extensive consultation with government officials, civil society and private sector representatives of member and associate member states.

SPCP also coordinated work under the Forum Compact on Strengthening Development Coordination, including support to country peer reviews, tracking country efforts to achieve the Millennium Development Goals (MDGs), and assessing the effectiveness of development partner engagement in the region.

SPCP also manages the Forum Secretariat’s relationships with the Council of Regional Organisations in the Pacific (CROP) and key development partners, including the United Nations. SPCP provides policy and technical advice to member states on priority issues, including access to climate financing, ocean governance, quality education standards and approaches to gender equality and disability inclusive development. Working with other Programmes in the Secretariat, SPCP organized and led side events on the Forum Compact and the Pacific Ocean Alliance at the Third International Conference on Small Island Developing States (SIDS 2014), held in Samoa in September.

The Pacific Plan and the Framework for Pacific Regionalism

In 2014 the Forum Secretariat’s efforts to support regionalism focused on the transition from the Pacific Plan to the Framework for Pacific Regionalism. The Framework had been proposed by Sir Mekere Morauta—the chair of the Pacific Plan Review—as a new guiding document for the region.

To consider key recommendations of the Morauta Review, a Special Leaders’ Retreat was held on 5 May 2014 in Rarotonga, hosted by the Government of the Cook Islands. Leaders endorsed the recasting of the Pacific Plan as the Framework for Pacific Regionalism, and tasked the Forum Secretariat to consult on the draft of the Framework and present a final for Leaders’ further consideration at the 45th Pacific Islands Forum in July.

From late May to early July, senior Secretariat staff duly undertook an intensive series of consultations across all Forum member countries to ensure that the Framework for Pacific Regionalism adequately captured their aspirations for regionalism. Government Officials and Ministers, civil society organisations, private sector representatives, and regional organisations generously gave their time to contribute to the Framework.

The final Framework was presented to—and endorsed by—Leaders when they gathered in Palau from 29 July to 1 August 2014. The Framework embraces Pacific regional values to guide policy-making and implementation. These values are reflected not only at the regional and national levels but also in the many international commitments that Pacific countries have made. Like the Pacific Plan, the Framework has a strategic focus on sustainable development, inclusive economic growth, governance, and security as areas for regional collective action; but it also introduces new processes for prioritising regional issues that require Leaders’ direction, fostering strengthened coordination and collaboration in support of regional matters, and promoting a more streamlined Forum
STRATEGIC PARTNERSHIPS AND COORDINATION

Agenda.

Initial implementation of these new Framework processes was a key focus for the Secretariat in the second half of 2014, with staff from across all programmes coming together to help identify the changes required in the months and years to come. As the Framework is intended to make regional policy setting a truly inclusive process, it will be particularly important to foster enduring and mutually accountable relationships with non-state actors, development partners, regional agencies, and governments from all FICs.

With inputs from Members and CROP colleagues, the Secretariat developed details for the new specialist sub-committee for regionalism - which replaces the Pacific Plan Action Committee. The group of eight regional experts from governments, civil society, and the private sector across the Pacific is expected to be convened for the first time in early 2015 to advise Leaders on regional initiatives that need highest-level political oversight.

The Secretariat also began reviewing the regional meetings it convenes with a view to rationalisation, in line with directions from Leaders. An initial report to Members catalogued the dozens of meetings regularly attended across the region each year by Officials and Ministers and tracked trends in attendance over time, revealing areas where changes could be made to increase efficiency, effectiveness, and transparency. Further work on the review will be a key priority for 2015, with the expectation that CROP agencies will work together to include all regional meetings in the exercise. This will contribute over the longer term to improving the regional meeting architecture in the interests of greater effectiveness of both individual Ministerial and Officials-level meetings and the Forum more generally.

Implementation of the Forum Compact on Strengthening Development Coordination

2014 marked the fifth year of implementing the Forum Compact. The key objective of the Compact is to drive more effective coordination of development resources to accelerate progress towards achievement of the Millennium Development Goals (MDGs). Overseen by Leaders, it is a key instrument for strengthening the capacity of FICs to budget, plan and effectively manage all development resources for the benefit of their people.

Key work undertaken in 2014 included organizing the Forum Compact side event at SIDS 2014. Facilitated by Ms Veronica Pedrosa, broadcast journalist for Al Jazeera network, the high level panel included: the President of Kiribati; the Prime Minister of Samoa; Ms Helen Clark, UNDP Administrator; and Mr Erik Solheim, Chair of the Development Assistance Committee of the Organisation for Economic Co-operation and Development. Supported by the Forum Secretariat and using evidence generated by the Forum Compact, Pacific delegates played an active role in discussions at the High-Level meeting of greater effectiveness of both individual Ministerial and Officials-level meetings and the Forum more generally.

The joint Development Peer Review team, including PIFS and DAC, with New Zealand’s Foreign Affairs Minister, Honourable Murray McCully (fourth from left)
Meeting of the Global Partnership for Effective Development Cooperation, held in Mexico City in April 2014. In addition to reporting on the progress of peer review implementation in 12 FICs, the first peer review of a development partner, New Zealand, was held in late 2014; peer review follow-up missions were held in Papua New Guinea, Vanuatu and Federated States of Micronesia; and south-south attachments, hosted by the Government of Samoa, commenced for government officials from the Federated States of Micronesia, Solomon Islands, Papua New Guinea, Nauru and Vanuatu.

2014 Pacific Regional MDGs Tracking Report

A key deliverable of the Forum Compact is to track the progress of FICs towards achieving the MDGs. This is done annually through the Pacific Regional MDGs Tracking Report. The 2014 Report 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 Asia and the Pacific (UNESCAP), Asian Development Bank and two country representatives – Papua New Guinea and Vanuatu.

The 2014 Report highlighted that only Cook Islands and Niue are on track to achieve all the MDGs, while Palau, Fiji and Tonga are on track to achieve at least four or more of the MDGs. Samoa and Tuvalu are on track to achieve three of the MDGs, with the Republic of Marshall Islands, Nauru and Vanuatu on track to achieve two of the MDGs. Federated States of Micronesia is likely to achieve only one of the MDGs, while Kiribati, Solomon Islands and Papua New Guinea are not on track to achieve any of the seven MDGs. With around 500 days left to the 2015 deadline, the Report stated that there is a relatively slim chance that the region’s progress next year will be any different.

For the first time, the 2014 Regional MDGs Report integrated all Forum member countries’ reporting against their commitments on the 2012 Pacific Leaders Gender Equality Declaration. Under the Declaration, Leaders made commitments in six key areas – gender responsive government policies and programmes, improving women’s participation in decision making, economic empowerment, ending violence against women, and improving health and education outcomes for women and girls. Overall, the pace of progress on the six areas of the Declaration has been slow, although there were a few positive developments over the year, particularly to address violence against women.

The Report also provided an update on the post-2015 development agenda/sustainable development goals (SDGs), with a spotlight on the SDGs Open Working Group (OWG) discussions. In particular, the Report highlighted the Open Working Group’s proposals for 17 goals and 169 targets. The Report highlighted the strong participation and advocacy by the Pacific Troika represented on the OWG (PNG, Palau and Nauru), particularly for a standalone goal on Oceans. Owing in part to the Pacific’s efforts, the proposed 17 SDGs included attaining ‘conservation and sustainable use of marine resources, oceans and seas’ as one of the goals. However, the 2014 Pacific Regional MDGs Report notes that the significant increase in the number of SDGs, compared with the MDGs, will make tracking progress harder for small island developing states, especially those in the Pacific with limited statistical capacity.
2014 Tracking the Effectiveness of Development Efforts in the Pacific Report

The 2014 Tracking the Effectiveness of Development Efforts Report focused on the key results of the Forum Compact efforts since 2009 and emphasised the importance of strong leadership, effective institutions and mutually accountable partnerships in improving development effectiveness. The report highlighted the 2013 Sir Mekere Morauta led Pacific Plan review report which found the Forum Compact had promoted best practice in managing development and aid effectiveness across the FICs, pioneering a world leading peer review system. It also noted that the Forum Compact had set in train a process that has added momentum to FICs’ own public sector reform efforts and started to transform the way FICs are engaging with their development partners and with each other.

Three important factors have emerged as fundamental to improving development effectiveness at the country level. Key among these is the role of strong, stable and sustained political leadership and ownership in driving national and regional development. However, leadership and ownership of national and regional development agendas and processes cannot be translated into actions without effective institutions and capacities at the country and regional levels in the public and private sectors, as well as in development partner agencies. Strong national and regional leadership and effective institutions are supported and sustained through genuine, mutually accountable and inclusive partnerships for development within and amongst FICs and with their development partners. FICs, with the support of their development partners, are paying more attention to improved planning linked to budgets and monitoring processes that will help deliver on national and sector priorities. All have taken steps to improve their public financial management systems and many have negotiated with their development partners to deliver increasing levels of budget support. Many countries have, or are preparing, aid or development cooperation policies to better set guidelines for engagement and setting expectations between the government and development partners.

Since 2010, 17 development partners have reported on their efforts to improve the effectiveness of their development assistance to the region. Importantly, in 2014 the Pacific completed the first peer review of a development partner, with New Zealand’s aid policies and programs being peer reviewed by representatives from the Governments of Samoa, Kiribati, and UNDP. This reflects a willingness of development partners to become equal partners in efforts under the Compact. Development partners are improving alignment with FIC national priorities and harmonised approaches are on the increase. More development partners are providing policy based budget support and the number of individual missions and projects are starting to level out or slowly decline in some countries, reducing the associated administrative costs.

The gains made through the Compact have been a result of significant and sustained support from political leaders, senior public servants and development partners. Despite progress made, the ability of countries to take on and sustain leadership and engage as equals with their development partners can often be derailed. The variable capacities and high turnover of public servants and development partner staff in country, and constant changing of political leadership and policies, can undermine FICs’ leadership capacities. There is still work to be done to improve the links between policy and budgets, and national monitoring, procurement and audit systems need to be strengthened in many countries. For development partners, there is still generally low use of country systems, variable aid predictability and aid fragmentation remains a key challenge in many countries.

Forum Compact South-South attachments, which started in 2014, are encouraging peer-to-peer capacity building conducted by Pacific Islanders for Pacific Islanders. This is a practical support mechanism to help countries implement their peer review recommendations. It is also enhancing Pacific expertise and leadership on development effectiveness and helping FICs broker new partnerships with their development partners and among themselves. Samoa has been instrumental in leading and supporting this initiative.

The Forum Compact has been the region’s response to the international development effectiveness agenda. It has generated new evidence and enhanced Pacific Islands’
voices to global policy discussions. This will be particularly important to the Pacific as it works to translate the existing and emerging Global Partnership for Effective Development Cooperation, the SAMOA Pathway and the post 2015 SDGs into national and sector development plans, monitoring frameworks, budgets and actions. It will support FICs to continue to lead their development agenda and processes, including engaging more meaningfully and strategically with their development partners.

**Partners Relations**

The Pacific Island Countries/Development Partners (PIC/Partners) Meeting provided an inclusive and multi-stakeholder forum to foster and promote regional dialogue in addressing effective development coordination and broader development issues. A range of development issues were considered in 2014, including Leaders’ decisions on the review of the Pacific Plan; the two main regional tracking reports on the MDGs and the effectiveness of development efforts in the Pacific; preparations towards the 2014 SIDS International Conference in Samoa; engagement of civil society in addressing effective development coordination; support to the Smaller Islands States (SIS) Development Fund; and Aid for Trade.

The PIC/Partners meeting held on 23-24 June also agreed to review future meetings to determine how they could better serve members and drive more effective engagement around the Framework for Pacific Regionalism.

**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 the PFD partners. The 2014 dialogue focused on familiarising partners with the new Framework for Pacific Regionalism, garnering support for the Palau Declaration – The Ocean, Life and Future: Charting a Course to Sustainability, and regional preparations for SIDS 2014.

In 2014, both Spain and Turkey were welcomed into the family of PFD partner members, bringing the total number of PFD partners to seventeen - Canada, Cuba, People’s Republic of China, European Union, France, India, Indonesia, Italy, Japan, Republic of Korea, Malaysia, Philippines, Spain, Thailand, Turkey, United Kingdom and the United States. It is anticipated that the planned triennial PFD partners’ reassessment in 2015 will provide Forum Members important insights into strengthening the political aspects of the PFD engagement process.

The Secretariat supported two High Level bilateral meetings between Forum Members and PFD partners in 2014. This included a pre-PALM 7 (Pacific Island Leaders Meeting) dialogue between Prime Minister Shinzo Abe and Forum Leaders in September 2014 in the margins of the 69th UN General Assembly in New York, and the 2nd Korea-Pacific Foreign Ministers Meeting, held in November in Seoul.

**CROP (Council of Regional Organisations in the Pacific) Coordination**

CROP coordination has focused on supporting FICs in a number of international processes, namely preparations for SIDS 2014, the negotiations on the development of the SDGs, preparations for international climate change negotiations at COP 20 (Conference of the Parties) in Lima, Peru, as well as support towards the 58th Commission on the Status of Women. At a regional level, CROP agencies have contributed substantively through the provision of technical assistance and policy advice, including through its seven CROP thematic working groups. Through these working groups, efforts to strengthen coordination of delivery to FICs and regional policy coherence are regularly reviewed 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 and Safety Office

**United Nations Engagement**

The United Nations and the Pacific Islands Forum enjoy strong working relations, 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 to the United Nations on 17 October 1994. The United Nations was granted Observer status to the Forum in 2006. Since 2012 this relationship has been further formalised through a regular, annual High Level dialogue between Forum Leaders and the UN Secretary General.

Led by Secretary General Tuiloma Neroni Slade, the Secretariat supported a High Level Dialogue between UN Secretary General Ban Ki-Moon and Pacific Islands Forum Leaders in the margins of the 69th UN General Assembly in September 2014. During the year, the Forum Secretariat liaised closely with key UN agencies in supporting FICs in a number of global processes, including SIDS 2014, negotiations on the SDGs, climate change negotiations and preparations for the 58th Commission on the Status of Women. At the regional and national levels, the Secretariat continued to liaise with key UN agencies (UNDP, UNESCAP, UN Women, UNFPA, UNICEF) in progressing work in the economic, social, environmental and political sectors. The Secretariat co-hosted the second Pacific regional consultation on the post-2015 development agenda with UNDP, UNESCAP and ADB in November 2014.

**Ocean Policy**

The Forum Secretariat’s work on oceans in 2014 focused on strengthening coordination and collaboration, advocacy of regional ocean priorities, and provision of technical support to FICs. Support was also provided for the Secretary General to carry out the role of Pacific Ocean Commissioner.

In 2014, dedicated resources for the Office of the Pacific Ocean Commissioner, housed within the Forum Secretariat, were procured. This included recruitment of an Oceans Analyst and an Ocean Management Officer, both with support from the Government of Australia.

Ocean issues were in the spotlight in 2014. ‘The Ocean: Life and Future’ was the theme of the Leaders meeting held in Palau, and ‘oceans and seas’ was included as a priority area in the SAMOA Pathway and as a proposed standalone SDG by the UN Open Working Group. Noting this, efforts by the Office of the Pacific Ocean Commissioner have focused on high level advocacy of Pacific priorities at events such as the World Parks Congress, the ‘Financing the Transition Towards a Sustainable Blue Economy’ meeting convened by H.R.H. The Prince of Wales’ International Sustainability Unit, and several events at SIDS 2014.

The Office of the Pacific Ocean Commissioner launched the ‘Pacific Ocean Alliance’ (POA) at SIDS 2014. This is a new partnership that will provide policy coordination and implementation, facilitate regional cooperation for the high seas, and support national ocean governance and policy. The POA side event was co-convened in partnership with SPC, SPREP and Conservation International, and highlighted the diversity of issues and interests in ocean management.

Facilitated by the Pacific Ocean Commissioner and featuring performances by dancers from the Oceania Centre for Pacific Arts, Culture and Pacific Studies at USP, the high level panel comprised: HE Tommy Remengesau Jr, President of Palau; HE Enele Sopoaga, the Prime Minister of Tuvalu; Ms Rachel Kyte, Vice President of the World Bank; Mr Miguel de Serpa Soares, UN Under Secretary General for Legal Affairs and United Nations Legal Counsel; Dr Greg Stone, Senior Vice President and Chief Ocean Scientist, Conservation International; Dr Ulrike Guerin, Secretary of the Convention on the Protection of Underwater Cultural Heritage, UNESCO; and senior representatives from SPREP, SPTO, SPC and the Locally-Managed Marine Area Network. The Office of the Pacific Ocean Commissioner, with technical input from CROP Agencies, has also provided advice to FICs throughout the year on issues such as fisheries, biodiversity beyond national jurisdiction and the proposed SDG on oceans. The Forum Secretariat and the Office of the Pacific Ocean Commissioner continue to work with our partner CROP Agencies and other development partners, directly and through mechanisms such as the Marine Sector Working Group.

**PEC Fund**

The Forum Secretariat coordinates the US$66 million (approximately ¥6.8 billion) Pacific Environment Community (PEC) Fund, which was launched by the Government of Japan at the PALM5 Summit in 2009. Each Forum Island Country is allocated US$4 million to support projects with a focus on the provision of solar power generation systems and sea water desalination plants, or a combination of both. Overall, 16 projects have been implemented in 14 FICs, of which 7 members have now completed installation of their solar power generation
systems of sea water desalination plants. The Secretariat has disbursed approximately 69% (US$38.7 million) of the US$56 million allocated for projects to Members for project implementation.

Key achievements over the past year included the signing of Financing Agreements for approved projects in Cook Islands, Papua New Guinea and Tonga. Commissioning ceremonies were held in Niue, the Republic of Palau and Samoa to celebrate the completed installation of their solar and desalination plants. This includes Niue’s 200 Kilowatt Peak (kWp) grid connected solar PV system with battery storage, Samoa’s 400kWp grid connected solar PV system and Republic of Palau’s solar powered desalination plant that can produce up to 150,000 litres of safe water per day.

Fiji, Nauru, Solomon Islands and Tuvalu continued to enjoy access to electricity generated by their solar power systems and the additional sources of safe drinking water from the sea water desalination plants. The Federated States of Micronesia, Kiribati, Republic of Marshall Islands and Vanuatu continued to make significant progress in project implementation and it is anticipated that installation will be completed by mid-2015.

The first Regional Pacific Environment Community (PEC) Fund Coordinators meeting was successfully convened in Koror, the Republic of Palau. The workshop enabled country project coordinators to discuss common implementation issues, learn lessons from across the region, and consider approaches to ensure sustainability of the PEC project investments.

**Climate Financing**

Access to climate change finance is a high priority for Leaders and Economic Ministers. In 2014, the Forum Secretariat coordinated and collaborated closely with member governments, other CROP agencies and development agencies on accessing climate financing.

At the international level, providing technical support to FICs during the United Nations Framework Convention on Climate Change (UNFCCC) negotiations is crucial, noting that a new global climate agreement will be adopted during the UNFCCC Twenty First Conference of the Parties (COP 21), to be held in Paris in December 2015. To support this process, the Forum Secretariat actively engaged with the joint CROP support team and provided technical assistance to FIC senior officials and Ministers at the Pacific High Level Support Mechanism training workshop, which was convened by SPREP in October 2014, as well as during the UNFCCC Twentieth Conference of the Parties (COP 20), held in Lima in December 2014.
The Forum Secretariat also provided specific support to the Government of Palau at COP 20, as Chair of the Forum, by including a resource to support the delegation and funding an official from Palau to attend the negotiations. Prior to COP 20, the Forum Secretariat also developed a policy brief on climate change finance, in collaboration with SPREP and Climate Analytics. At the regional level, the Forum Secretariat has worked with other CROP agencies to ensure effective coordination and collaboration on climate change and climate change finance support to member states, including through mechanisms such as the CROP Executive Sub-Committee on Climate Change and Disaster Resilient Development and CROP Officials Working Arm on Climate and Disaster Resilient Development (WARD).

At the country level, the Forum Secretariat has continued to assist FICs improve their access to, and management of, climate change financing using the Pacific Climate Change Finance Assessment Framework, which was developed for the Nauru Case Study in 2013. In collaboration with a number of partners, including the United Nations, the Forum Secretariat successfully completed the second national climate change finance assessment in the Republic of the Marshall Islands in June 2014. The studies show that countries have been accessing some climate change finance, with a large portion from their bilateral partners. Similar assessments are planned in Tonga and Solomon Islands in 2015.

It is vital for FICs to have direct access to global climate funds, including the Green Climate Fund, Adaptation Fund, Global Environment Facility, and the Climate Investment Fund. In support of this approach, the Forum Secretariat has strengthened its engagement with the Green Climate Fund Secretariat and facilitated FIC registration of national designated authorities. By end of 2014, 12 out of the 14 FICs had submitted their application to be national designated authorities. In September 2014, the Forum Secretariat partnered with SPREP, the Adaptation Fund Secretariat, the Green Climate Fund, the Asia Pacific Adaptation Network (APAN) and UNEP to conduct regional training for FICs on preparing proposals to the Adaptation Fund in September 2014. A key output was a manual for Pacific island countries seeking to apply for funds through the Adaptation Fund.

**Development Fund Management**

**Taiwan/ROC Funding**

2014 welcomed the resumption of Taiwan/ROC’s regional assistance through the Forum Secretariat after a two year layover. Taiwan/ROC’s regional assistance has mainly been through a Regional Scholarship Scheme and project based assistance through the CROP agencies on areas ranging from climate change to aviation. In support of their regional assistance, the annual Forum Countries-Taiwan/ROC Dialogue also provided the opportunity for high level engagement between Taiwan/ROC and her Pacific allies to consider and reach consensus on key areas of regional development assistance to Forum Island Countries through CROP agencies for 2015.

**Smaller Island States (SIS)**

The Forum Secretariat continues to accord special attention and strategic support to the development efforts of the Smaller Island States grouping, which comprises of Cook Islands, Nauru, Niue, Palau, Republic of the Marshall Islands and Tuvalu. The Forum Secretariat supports the placement of SIS Officers in each of the governments in recognition of capacity constraints and the need to better link the national and regional agenda.

SIS Leaders, at their meeting in Palau in August 2014, highlighted the need to review the role of the Forum Secretariat in supporting the needs of their countries. An independent review is planned for 2015 to consider the effectiveness of support provided to date and how that could be improved, including through the development of an SIS Strategy. SIS Leaders also discussed key challenges facing the region – including climate change, oceans and economic development – and considered how future meetings could be more effective.

**SIS Development Fund (SISDF)**

The SIS Development Fund (SISDF) provides short term financial support to SIS countries in their efforts to meet their development priorities. In 2014, the SISDF supported efforts of the SIS by funding: participation in key regional and international Leaders meetings; supporting the Government of Tuvalu’s Trade Fair encouraging the private sector’s participation...
in the local economy; increasing the sanitary and phytosanitary capacities and expertise in Kiribati to assist in their trade negotiations; and improving the Government of the Republic of the Marshall Islands’ capacities in administering and managing its tax related work and revenue collection.

Social Policy

The Secretariat’s social policy work focused on responses and interventions to social issues recognised by Leaders as major challenges to achieving development goals for Pacific nations. Such social issues include: strengthening of basic education as the fundamental building blocks for society; enhanced employment opportunities to create a higher level of personal and societal security and development; promotion and protection of the human rights of persons with disabilities and those facing extreme discrimination and exclusion; elimination and eradication of all forms of discrimination against women and promoting their rights to equal participation in all spheres of national development and economic empowerment. Specific activities targeting these common social issues across the region have been collectively agreed to at regional meetings of Officials and Ministers and captured under regional frameworks such as the Pacific Education Development Framework (PEDF), Pacific Regional Strategy on Disability (PRSD) and the Leaders Gender Equality Declaration. During the year the Secretariat collaborated with other regional organisations such as SPC on other major social issues such as health, resulting in the combined meeting of Forum Economic Ministers and Pacific Health Ministers in 2014 to discuss the Pacific Non Communicable Diseases Roadmap.

Education Sector

The focus of regional education support to member countries continued to be drawn from the priorities under the Pacific Education Development Framework (PEDF). The Forum Education Ministers Meeting (FEdMM) was convened from 31 March to 2 April 2014 in Rarotonga, Cook Islands. Ministers were presented with various reports which include the result of the literacy and numeracy assessment conducted in 2012, and the first PEDF Tracking Report. Ministers expressed serious concern about the level of literacy and numeracy in the Pacific and called for in-depth research into causes of such low achievement. Ministers also agreed to re-run the Pacific Islands Literacy and Numeracy Assessment (PILNA) at the end of 2015. In discussing the post-2015 sustainable development goals, Ministers emphasised the following issues as key Pacific priorities in terms of quality, equitable, inclusive and relevant education: improved access to and participation in secondary and tertiary levels of education, and achievement of higher levels of completion rates and relevant employable skills; knowledge, skills and values development through, general,
STRATEGIC PARTNERSHIPS AND COORDINATION

The Forum Education Ministers Meeting saw serious concern about the level of literacy and numeracy in the Pacific and called for in-depth research into causes of such low achievement.

technical and vocational education and training (TVET) and non-formal education (NFE); and valuing life-long learning.

In October 2014, Disability Ministers met in Federated States of Micronesia and considered progress made toward implementation of the Pacific Regional Strategy on Disability (2011 – 2015). The Ministers noted that significant efforts had been made to implement disability inclusive approaches. Ministers also considered the independent mid-term review of the Pacific Regional Strategy on Disability conducted by independent consultants in 2013. The review found that the Strategy has added value and contributed significantly to making progress on disability rights and inclusion in the region. The review found that progress has been made in all of the thematic and priority areas outlined in the strategy – with the most significant progress being in the areas of political leadership; enhancing the central role of people with disabilities; strengthening partnerships, coordination and collaboration; and in the recognition of human rights of persons with disabilities.

Such success must be attributed to the strong partnerships that have been built among organisations in the region that have shared their expertise and resources to provide coherent and collaborative support to member countries. This has included assisting national governments to review or develop national disability policies, draft new legislation, meet their reporting obligations, as well as hold awareness and advocacy workshops on disability. In 2014, the Forum Secretariat partnered with UNESCAP and the Pacific Disability Forum to assist in legislative reform, preparation of cabinet submissions on disability policy, treaty reporting obligations and policy development, as well as capacity building for disabled person’s organisations in the Republic of the Marshall Islands, Tuvalu and Tonga. In addition, the Pacific Disability Forum joined the Forum Secretariat and WHO in organising the Micronesian Sub-regional Forum for Community Based Rehabilitation in the Federated States of Micronesia.

Gender Equality

In 2014, the Forum Secretariat continued taking action to improve equality between women and men, including steps to close the gender gaps in education, combat sexual gender based violence and promote equality in decision making. Gender equality is a clear regional commitment, as announced by Forum Leaders in Cook Islands in 2012 through the Pacific Leaders Gender Equality Declaration (PLGED). The Forum Secretariat’s provision of advice, technical assistance and services to members in 2014 was guided by this Declaration and relevant communiqués.

The 2014 Pacific Regional MDGs Tracking Report highlighted the progress on the Pacific Leaders Gender Equality Declaration. The Forum Secretariat worked with countries in measuring progress and key challenges in
implementing the six priority areas. The Report noted overall slow progress in implementing the Declaration, although there has been some progress in specific gender focused law reform, parity in education and expansion of crisis center services and networks on ending violence against women. The Forum Secretariat led the coordination and technical briefs on gender issues for three key meetings: the Third International Meeting of Small Island Developing States; the UNESCAP Asia-Pacific Beijing+20 Review; and 58th Session of the Commission on the Status of Women. Support was provided to SPC on the review of the Revised Pacific Platform for Action on the Advancement of Women and the Pacific Beijing+20 Report.

National capacity on gender statistics is slowly improving, with SPC’s targeted programmes in some countries contributing to reportable data on the 20 indicators of the Declaration. The Forum Secretariat embarked on a new project aimed at strengthening coordination and systems of gender reporting at country level, with Nauru being the first country assisted. Two immediate results of this work in Nauru was the establishment of a National Gender Coordination Group and a draft Initial Report on obligations under the Convention on Elimination of All Forms of Discrimination Against Women (CEDAW).

The Forum Economic Ministers Meeting has a standing agenda item on women’s economic empowerment and in 2014 the Ministers adopted the women’s economic empowerment action plan. Advancing women and girls in education was discussed at the Forum Education Ministers Meeting and increased attention to women with disabilities and specific goals and targets in the new Disability Rights Framework was provided by Disability Officials.

As a strategy to improve women’s leadership in decision making processes the Forum Secretariat presented its study on women’s participation and representation on state owned boards in FICs, which was completed in partnership with UN Women. A Women’s Practice Parliament was held in the Kingdom of Tonga, which led to increased visibility of women in the public domain. As a means to support the temporary measure for women in Samoa’s parliament, the Secretariat supported a women’s leadership survey. Tailored advice on temporary special measures was provided to the Government of Tonga. Advice was also provided to the Governments of Tonga and Palau on ratification of the Convention on Elimination of All Forms of Discrimination Against Women (CEDAW).

Forum Leaders have called for gender responsive policies and programs. At an institutional level the Secretariat conducted a gender mainstreaming workshop for Secretariat staff and reviewed progress on its Gender Policy. A key indicator of gender mainstreaming at institutional level is the provision of budgetary allocation and programme support to members on gender equality. Gender initiatives are supported through all the key programmes and specific budget allocations made on gender in areas of conflict prevention, economic governance, human security, human rights, disabilities and trade.

Gender mainstreaming of national policies has been initiated and planned for 2015 for five countries in the region: Samoa, PNG, Kiribati, Vanuatu and Solomon Islands.

**Engagement with Non State Actors**

In 2014 the Secretariat continued to work towards ensuring that non-state actors (NSAs) remained engaged in the processes to roll out the Framework for Pacific Regionalism. This has included providing NSA Executives with a platform to engage in high level dialogue with the Secretariat’s Executive, as well as a range of consultative processes. The contribution agreement to implement the EU funded Strengthening Non State Actor Engagement in Regional Policy Development and Implementation Programme was signed in 2014.

This five year programme will focus on supporting mechanisms and processes to strengthen NSA engagement in regional policy making, capacity development for NSAs and the establishment of a grants facility for NSAs. Dedicated staff have been recruited to support this important area of work.
Corporate Services supports the Secretariat to deliver quality services to the region. The programme is currently implementing a series of projects as part of its continuous improvement process.

Organisational Development

The Forum Secretariat continued work on its integrated planning and reporting framework in 2014. As part of this the Secretariat commenced six month performance reports to the Forum Officials Committee. These showed the results achieved against the goals and objectives in the Secretariat’s current corporate and strategic plans for 2013-2015. The Secretariat tested several formats for these reports and will refine them in 2015.

The Audit and Risk Sub-Committee met three times in 2014 and completed its first year of operations. In addition to reviewing the annual financial statements, external audit report and the 2015 Budget and monitoring internal corporate reforms, it examined the payment of Membership Contributions and use of Forward Foreign Exchange Contracts. The Sub-Committee was supported by the Internal Audit programme, which completed a number of modules in its three year plan, including financial management, project management and an institutional assessment of the Secretariat’s policies and processes.

The Secretariat also underwent a European Union 7 Pillar institutional assessment at the end of the year, as well as several other donor assessments.

Legal

In addition to providing in-house legal support on contracting, employment and compliance, Legal Services played a major role in consulting, reviewing and updating a number of important policies and procedures.
The 7 Pillar assessment brought forward reviews of a number of policies and procedures earmarked for 2015. Twenty two policies were revised or written during the year. These included a revision of Human Resource policies, updating of the Secretariat’s procurement and grant policies, and a number of other corporate related policies.

Significantly the Secretariat developed and implemented a Code of Conduct for staff, which was endorsed by the Forum Officials Committee in December 2014. As part of the work, the FOC regulations were also updated and approved by FOC in December 2014.

**Human Resources**

Implementation of the Human Resources Strategy continued in 2014 with the roll out of a streamlined performance and recognition form. The new form allows for comparisons of personal performance against strategic plans and organizational performance in general. Other work carried out on the Human Resources Strategy includes the validation of the Secretariat’s organizational values as well as development of a new capability framework. Key Human Resources policies and procedures on recruitment, performance and development and exit were updated as part of the broader review of policies and procedures. The Remuneration Sub-Committee of the Forum Officials Committee convened its first meeting at the end of 2014.

This started a process of building understanding of the Secretariat’s remuneration system as well as increasing engagement between member state officials and the Secretariat. Upon the recommendation of this Sub-Committee the FOC also approved an amendment of the 6 year rule for internationally recruited staff to allow a maximum employment period of up to 9 years in certain instances where this meets the needs of the Secretariat.

**Finance**

For much of 2014 the Finance team was focused on the 7 pillars assessment of the Secretariat’s systems and procedures. This initiated a number of improvements to the financial controls and procedures. As part of this exercise a consolidated Finance Manual was approved in October 2014.

There were also several new policies adopted, including the External Audit policy and the Banking Management Policy, as well as revisions to a majority of the Finance policies and procedures.

The Secretariat also continued to move its

---

The ICT team undertook a number of upgrades and improvements to the Secretariat’s ICT systems.
annual budget and planning process towards a results based approach. The 2015 Budget document provides a stronger link between the budget sources (and codes) by funding source and the outcomes, outputs and activities set out in the Strategic Planning documents. The internal Travel Review was finalised and a multistage tender for a travel service provider commenced in July 2014.

Information and Communications Technology

During the year the Information and Communications Technology (ICT) team undertook a number of upgrades and improvements to the Secretariat’s ICT systems. This work has addressed maintenance issues with the Secretariat’s old infrastructure as well as the installation of new systems and capability. The highlights of this work are:

- Implementation of wireless connectivity throughout the campus; and Implementation of Disaster Recovery systems.
- The recovery of regular back-ups has been tested as part of the Disaster Recovery and Business Continuity Project and will be implemented in early 2015.
- Other Developments for the year include: establishment of a Service Desk System to prioritise and organise the workload; development of 3 year plan on the ICT Network Architecture as part of the Network Upgrade Project; and piloting of security cameras.
- The ICT team developed a number of policies during the year. These include an ICT policy, a Backup Policy and Procedures and a Systems Access Password Policy and Procedures, as well as a draft Mobile Phone policy.

Information Management

The key project for the Information Management (IM) office was the launch of the Secretariat’s Intranet in April 2014. IM staff worked closely with the ICT team to put this in place. IM is now responsible for regularly updating the Intranet, which is becoming the “one stop shop” for all PIFS information.

The Information Management Office successfully completed the digitisation of all hard copy PIFS records (meeting papers, agreed/summary records of meetings from 1971 to 2007) in 2014. All these records are now easily accessible to staff via the IM database on the Intranet. As part of its function to preserve the Secretariat’s records the IM office established a new archives storage room to accommodate the Secretariat’s main archives with its finance records. This new facility provides ease of access and will ensure the preservation of these vital records. It also developed and implemented a new Records Management Policy and Procedures, which provides guidelines for the capture of work related correspondence and PIFS Intellectual Property.

The Secretariat library’s Liberty 3 Database was upgraded in November 2014 to improve monthly statistics and provide better quality information services. Additionally the library obtained access to several new information databases (Oxford Journals & JSTOR) through its partnership in a library consortium.

Property Services

Property Services continued with the implementation of its maintenance program in 2014. Major projects completed included the completion of the maintenance work on two more office buildings. This leaves only one building to finish the full 5 year refurbishment programme, which is on track for completion within two and half years. As part of the PIFS green policy implementation program, the installation of rain water harvesting tanks was completed to supplement water from the mains during rainy periods and also to provide a backup supply during water outages. The progressive replacement of old air conditioning units at the end of their economic life with inverter units also continued during the year as part of an effort to improve air conditioning efficiency and reduce power consumption.

Implementation of planned landscaping and grounds improvements program saw upgrading in the overall presentation of the compound and the facilities. New machinery and equipment was procured to improve service delivery and efficiency of the team.

The unit continued to provide high quality support services for meetings to all the programs, which is one of its key functions.
Secretary General’s Statement

I am pleased to present the Secretariat’s financial statements and independent auditor’s report for the year ended 31 December 2014.

During the year, we expended FJD49m compared to budgeted expenditure of FJD101m, while our total cash and investment holdings at year end amounted to FJD58m.

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 2014 financial year.

In my opinion:

(a) the accompanying general fund statement of comprehensive income is drawn up so as to give a true and fair view of the results of the Secretariat for the year ended 31 December 2014;

(b) the accompanying statement of the 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 2014;

(c) the accompanying 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 2014; and

(d) the accompanying 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 2014.

Dated at Suva this 30th day of April 2015

Dame Meg Taylor
Secretary General
Independent auditor's report to the Members of the Pacific Islands Forum Secretariat

We have audited the accompanying financial statements of Pacific Islands Forum Secretariat (the Secretariat) which comprise the statement of financial position as at 31 December 2014, and the general fund statement of comprehensive income, statement of changes in funds and 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 3 to 23.

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 2014 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.

KPMG
Chartered Accountants

30 March 2015
Suva, Fiji

Financial Statements - 2 -
31 December 2014
General Fund Statement of Comprehensive Income
For the Year Ended 31 December 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FJD</td>
<td>FJD</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions from members</td>
</tr>
<tr>
<td>Interest income</td>
</tr>
<tr>
<td>Recoveries income</td>
</tr>
<tr>
<td>Administration fees received</td>
</tr>
<tr>
<td>Other income</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Governance</td>
</tr>
<tr>
<td>Political Governance and Security</td>
</tr>
<tr>
<td>Strategic Partnerships and Coordination</td>
</tr>
<tr>
<td>Corporate Services</td>
</tr>
<tr>
<td>Management of the Secretariat</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
</tr>
</tbody>
</table>

Foreign exchange (loss) | (473,248) | (1,556,301) |

Deficit of income over expenditure | **2,830,296** | **2,926,790** |

This statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 23.

Statement of Financial Position
As at 31 December 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FJD</td>
<td>FJD</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
</tr>
<tr>
<td>Held-to-maturity investments</td>
</tr>
<tr>
<td>Inventories</td>
</tr>
<tr>
<td>Receivables – members</td>
</tr>
<tr>
<td>Other receivables and prepayments</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-current assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
</tr>
<tr>
<td>Intangible assets</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
</tr>
</tbody>
</table>

| **Total assets** | **73,587,130** | **85,596,218** |

<table>
<thead>
<tr>
<th>Current liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank overdrafts</td>
</tr>
<tr>
<td>Current payables</td>
</tr>
<tr>
<td>Contributions received in advance – Trust Fund</td>
</tr>
<tr>
<td>Deferred income – General Fund</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
</tr>
</tbody>
</table>
Non-current liabilities
Deferred income – General Fund 15  505,402  1,516,204
Total non-current liabilities  505,402  1,516,204

Total liabilities  65,234,982  74,111,250

Net assets  8,352,148  11,484,968

Accumulated and reserve funds
General fund  2,491,156  4,848,204
Exchange translation reserve  754,427  1,227,675
Capital reserve  5,106,565  5,409,089
Total accumulated and reserve funds  8,352,148  11,484,968

For the Pacific Islands Forum Secretariat

Dame Meg Taylor
Secretary General

Simon Clegg
Director Corporate Services

This statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 23.

Statement of Changes in Funds
For the Year Ended 31 December 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FJD</td>
<td>FJD</td>
</tr>
</tbody>
</table>

General Fund
Balance at the beginning of the year  4,848,204  6,218,693
Deficit of income over expenditure (2,830,296) (2,926,790)
Transfer from Exchange Translation Reserve  473,248  1,556,301
Balance at the end of the year  2,491,156  4,848,204

Exchange Translation Reserve
Balance at the beginning of the year  1,227,675  2,783,976
Transfer (to) General Fund (473,248) (1,556,301)
Balance at the end of the year  754,427  1,227,675

Capital Reserve
Balance at the beginning of the year  5,409,089  5,720,570
Purchase of Trust Fund assets  13,721  16,835
Depreciation expense (316,245) (328,316)
Balance at the end of the year  5,106,565  5,409,089

This statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 23.
### Statement of Changes in Funds

For the Year Ended 31 December 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>FJD</td>
<td>FJD</td>
<td></td>
</tr>
</tbody>
</table>

**Cash flow from operating activities**

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions from members</td>
<td>4,421,324</td>
<td>4,713,506</td>
</tr>
<tr>
<td>Trust Fund income</td>
<td>32,193,120</td>
<td>28,907,466</td>
</tr>
<tr>
<td>Programme and project costs</td>
<td>(46,851,861)</td>
<td>(57,339,219)</td>
</tr>
<tr>
<td>Other operational costs</td>
<td>(7,434,168)</td>
<td>(9,003,017)</td>
</tr>
<tr>
<td>Interest received</td>
<td>149,884</td>
<td>1,203,583</td>
</tr>
<tr>
<td>Rent and other income</td>
<td>472,365</td>
<td>806,946</td>
</tr>
<tr>
<td>Realised exchange (loss)</td>
<td>(16,502)</td>
<td>(1,939)</td>
</tr>
</tbody>
</table>

Net cash flow (used in) operating activities | (17,065,838) | (30,712,674) |

**Cash flow from investing activities**

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>21,095</td>
<td>2,555</td>
</tr>
<tr>
<td>Payments for property, plant and equipment</td>
<td>(433,329)</td>
<td>(455,057)</td>
</tr>
<tr>
<td>Repayment/ (advance) from trade offices</td>
<td>779,666</td>
<td>(779,666)</td>
</tr>
<tr>
<td>Movement in held to maturity investments</td>
<td>(86,530)</td>
<td>13,421,420</td>
</tr>
</tbody>
</table>

Net cash flow from/(used in) investing activities | 280,902 | 12,189,252 |

Effect on exchange rate changes | 808,186 | 3,148,718 |

Net (decrease) in cash held | (15,976,750) | (15,374,704) |

Cash and cash equivalents at the beginning of the year | 72,248,736 | 87,623,440 |

Cash and cash equivalents at the end of the year | 56,271,986 | 72,248,736 |

---

*This statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 23.*
## Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2014

<table>
<thead>
<tr>
<th></th>
<th>2014 Revised Budget</th>
<th>2014 General Fund</th>
<th>2014 Trust Fund</th>
<th>Eliminations</th>
<th>2014 Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FJD</td>
<td>FJD</td>
<td>FJD</td>
<td>FJD</td>
<td>FJD</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from members</td>
<td>4,028,426</td>
<td>4,028,426</td>
<td>-</td>
<td>-</td>
<td>4,028,426</td>
</tr>
<tr>
<td>Interest</td>
<td>305,041</td>
<td>126,045</td>
<td>-</td>
<td>22,843</td>
<td>148,888</td>
</tr>
<tr>
<td>Recoveries income</td>
<td>1,953,450</td>
<td>1,904,550</td>
<td>-</td>
<td>(1,266,719)</td>
<td>-</td>
</tr>
<tr>
<td>Administration fees received</td>
<td>2,114,652</td>
<td>1,266,719</td>
<td>-</td>
<td>-</td>
<td>(1,266,719)</td>
</tr>
<tr>
<td>Other income</td>
<td>174,184</td>
<td>435,486</td>
<td>-</td>
<td>-</td>
<td>435,486</td>
</tr>
<tr>
<td>Trust Fund income</td>
<td>28,627,941</td>
<td>-</td>
<td>13,924,669</td>
<td>18,715,788</td>
<td>32,640,457</td>
</tr>
<tr>
<td>Benefits derived from property, plant &amp; equipment</td>
<td>322,206</td>
<td>-</td>
<td>9,982</td>
<td>306,263</td>
<td>316,245</td>
</tr>
<tr>
<td></td>
<td><strong>37,525,900</strong></td>
<td><strong>7,761,226</strong></td>
<td><strong>13,934,651</strong></td>
<td><strong>19,044,894</strong></td>
<td><strong>(3,171,269)</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>37,569,502</strong></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>23,853,145</td>
<td>167,949</td>
<td>5,519,319</td>
<td>5,512,605</td>
<td>-</td>
</tr>
<tr>
<td>Political Governance and Security</td>
<td>4,814,567</td>
<td>624,283</td>
<td>2,915,208</td>
<td>44,167</td>
<td>-</td>
</tr>
<tr>
<td>Strategic Partnerships and Coordination</td>
<td>61,791,767</td>
<td>313,734</td>
<td>5,274,682</td>
<td>21,671,870</td>
<td>-</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>7,286,873</td>
<td>6,396,553</td>
<td>68,403</td>
<td>425,272</td>
<td>(3,171,269)</td>
</tr>
<tr>
<td>Management of the Secretariat</td>
<td>2,867,911</td>
<td>2,616,755</td>
<td>345,753</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>100,614,263</strong></td>
<td><strong>10,118,274</strong></td>
<td><strong>14,123,365</strong></td>
<td><strong>28,051,419</strong></td>
<td><strong>(3,171,269)</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>49,121,789</strong></td>
</tr>
<tr>
<td>Foreign exchange gain/(loss)</td>
<td>(1,115,198)</td>
<td>(473,248)</td>
<td>733</td>
<td>1,280,701</td>
<td>-</td>
</tr>
<tr>
<td>(Deficit)/surplus of income over expenditure</td>
<td>(64,203,561)</td>
<td>(2,830,296)</td>
<td>(187,981)</td>
<td>(7,725,824)</td>
<td>-</td>
</tr>
</tbody>
</table>