



PACIFIC ISLANDS FORUM SECRETARIAT

# ANNUAL REPORT 2009



Excelling Together for the People of the Pacific



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# Forum Leaders





# of 2009





## Secretary General's Introduction



Forum countries continued to struggle with major regional and global challenges during 2009. The situation in Fiji, climate change and the global economic and financial crisis featured high and pervasively in the region's attention.

From the very start of the year with the Special Retreat session in Port Moresby in January, Forum Leaders were concerned with political developments in Fiji. Following the abrogation of the Constitution in April and with the Interim Government failing to respond to the Leaders' decisions, Fiji's suspension from participation in Forum meetings and other activities became effective from May 2. Dealing with the effects and implications of Fiji's suspension had become a major preoccupation for the Secretariat throughout the period covered by this report.

The Forum region was also confronted by the devastation of natural disasters and other weather-related events: serious flooding and inundation, volcanic eruptions, hurricanes, earthquakes, landslides and the horrific tsunamis which struck American Samoa, Samoa and Tonga. Altogether, the Pacific suffered an alarming toll in human lives and property and, throughout the region, incalculable costs against national budgets and development efforts.

These events seriously impacted on the region, and in ways that lay bare the vulnerabilities of our people and economies. They exposed not only the fundamental fragility of islands and their communities, but also underscored their lack of

response and coping abilities. These are large and real obstacles underlying the condition of island countries and will continue to test and challenge Forum leadership and the region.

It is critical to consolidate and intensify efforts to prepare and assist all Forum member countries in their national planning and execution; and, across the region, to secure coordination and efficiency in cooperative and institutional arrangements, to better position the region to advance in economic growth and integration. Important decisions were made by Forum Ministers and by respective regional Governing Councils, as endorsed by Forum Leaders, in a number of key areas, including in respect of the Regional Institutional Framework (RIF), energy, trade and the strengthening of aid coordination.

Clear mandates and essential guidance were provided by Forum Leaders at their annual meeting in Cairns, Australia, on a range of specific priorities. Important and foundational work was undertaken in several of these, including the commencement of the process for the PACER Plus trade and development negotiations, the first-ever Ministerial meeting on issues relating to persons affected by disabilities and cooperative measures for the strengthening of aid coordination under the Cairns Compact. Detailed descriptions of significant developments during 2009 are given in this report.

More than ever in a busy ever-globalising world, especially with significant economic, environmental and developmental challenges confronting Forum countries, the region needs to be in better shape to prepare for and deal with the situation. The Cairns Compact provides a new opportunity to do so to strengthen and invigorate its aid coordination efforts, by helping to enhance national systems and overall to strengthen the region's cooperative arrangements to better engage and work with all its donor and development partners. Imme-

diately work was commenced in 2009 to implement the Compact, with a practical focus on assisting Member countries to improve efforts in achieving the Millennium Development Goals. Already there is noticeably positive and pleasing response from both Member countries and development partners. But, as with any new initiative, there is much more to do, including in creating awareness and clear understanding among all concerned to ensure their active and constructive participation. It is especially important that the required sense of ownership is forthcoming from all Forum countries.

This review of the year gone by puts into perspective the substance of the journey and the route traversed. The work-agenda set for the region was as substantive in its aims as it was challenging in implementation. Inherently, for the Forum region in its vastness, and for Forum Members, with the smallness and isolation of their island communities, it is to be expected that major challenges will be ever-present. That sound regional strategy has been devised and agreed to, and that there are measurable gains in implementation, is credit to regional resilience and perseverance. Onward progress and endeavour cannot be allowed to falter and must continue as the work-programme for the time ahead.

Positive results achieved during the year have been thanks to the work of many. On behalf of the Secretariat, I thank all Member countries for their assistance and cooperation. In particular we acknowledge leadership and support of the Forum Chair.

May I express to the Executive and Senior Management and all staff of the Forum Secretariat my admiration and gratitude for their work.

Tuiloma Neroni Slade





# Pacific Islands Forum Profile





## The Pacific Islands Forum



The Pacific Islands Forum is a political grouping of 16 Independent and self-governing states and the region's premier political organisation.

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

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

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

Since 1989, the Forum has held Post Forum Dialogues with key Dialogue Part-

ners at Ministerial level. There are currently 13 partners – Canada, People's Republic of China, European Union, France, India, Indonesia, Italy, Japan, Republic of Korea, Malaysia, Philippines, Thailand, United Kingdom and the United States.

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

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

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

### The Pacific Islands Forum Secretariat

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

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

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

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





- > Fiji School of Medicine (FSchM)
- > Pacific Islands Forum Fisheries Agency (FFA)
- > Pacific Islands Development Programme (PIDP)
- > Secretariat of the Pacific Community (SPC)
- > Pacific Islands Applied Geoscience Commission (SOPAC)
- > South Pacific Board for Educational Assessment (SPBEA)
- > Pacific Islands Forum Secretariat (PIFS)
- > Secretariat of the Pacific Regional Environment Programme (SPREP)
- > South Pacific Tourism Organisation (SPTO)
- > University of the South Pacific (USP)
- > Pacific Power Association (PPA)

The Forum Secretariat also has Trade Offices in Auckland, Beijing, Sydney, and Tokyo.

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

The Pacific Islands Forum Secretariat is an international organisation established by treaty, enjoying legal personality in each of its 16 member countries.



# 2009 Inter-Agency Mini Olympics





## 2009 Inter-Agency Mini Olympics

*The Pacific Islands Forum Secretariat had the pleasure of hosting the 2009 Inter-Agency Mini Olympics, held on Saturday 7th November at the Veitu Primary School Grounds in Suva, Fiji. Staff members of regional organisations and diplomatic missions based in Suva, along with their families, rallied for a day of fun and healthy sporting competition. Congratulations to the winning teams and best of luck to team EU, the hosts of next year's event!*

**1st – SPC & US Embassy**

**2nd – SOPAC**

**3rd – Forum Secretariat**

**Best Dressed Team – USP**

**Best Team Spirit – Kiribati  
High Commission**

**Best Gender Balance – Chinese  
Embassy**









# Political Governance & Security Programme







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

### Forum Regional Security Committee

The annual meeting of the Forum Regional Security Committee (FRSC) is the principal mechanism for setting the regional security agenda. FRSC provides the PG&S Programme with its key direc-

tions in enhancing the capacity of members to respond to internal and external security threats. The 2009 meeting was held in Suva at Pacific Islands Forum Secretariat Headquarters from 4 to 5 June. Key outcomes included deliberations on the key findings of the annual Pacific Transnational Crime Assessment and endorsement of substantive programmes of work on sexual and gender-based violence, marginalized youth and conflict and small arms and ammunition control. There was also discussion on the impacts of climate change on security and consideration of a range of priority regional and national security issues, including reporting to members on Forum activities under the Forum's Biketawa Declaration, which in 2010 will mark its 10th year of operation.

#### Regional Inter-agency Cooperation

The programme works actively to ensure the FRSC has strong support from key regional law and border agencies as well as other regional and international stakeholders. Under the PG&S Programme, the Law Enforcement Unit (LEU) works closely with the region's specialist law enforcement and border agencies. Together, they support joint activities or agency specific projects. Key partner agencies include the Oceania Customs

Organisation (OCO), Pacific Immigration Directors' Conference (PIDC), Pacific Islands Chiefs of Police (PICP), Secretariat of the Pacific Community Regional Maritime Programme (RMP) and the Forum Fisheries Agency (FFA).

These regional agencies form the core membership of Working Groups that are often formed on an ad hoc basis to implement law enforcement related FRSC decisions. In 2009, the Programme represented Forum interests at the annual meetings of all these Agencies and made presentations on Forum Secretariat approaches to various regional law enforcement topics. In addition, the Programme coordinated an annual Pre-FRSC meeting of these law enforcement agencies in May to prepare reports and recommendations for the 2009 FRSC. The FRSC plays an important coordination role in maintaining information exchange and identifying complementary activities in the work of the key law enforcement and border agencies across the full scope of the regional security agenda.

### Security - Law Enforcement

Forum Island Countries (FICs) face a complex and continually evolving security environment. A key priority for the Pro-







gramme, through the LEU under the direction of the Regional Security Adviser, is supporting law enforcement agencies and organisations, as well as relevant government ministries, in addressing security challenges, including the global threats of transnational crime and terrorism.

Specific programme initiatives such as the Information Management project, the small arms study and efforts to encourage greater regional cooperation on counter-terrorism, contribute to improving the overall state of regional security.

The Information Management project involves developing national and regional information management and data collection models, as well as considering the establishment of more formal arrangements to support the international exchange and subsequent handling of law enforcement-related information. The 2009 FRSC agreed to the establishment of a Working Group to take forward key recommendations arising from the project which will report to the full FRSC on practical ways to strengthen Information Management mechanisms and enhance exchanges of law enforcement and other relevant information in the region.

Small arms and light weapons continue to pose a serious threat to regional security. Small arms and light weapons, whether stolen or otherwise obtained from security force armouries, have featured prominently in the Pacific's most recent conflicts. While these weapons have been supplemented by home-made firearms and small scale trafficking, the majority of the weapons have been obtained because of inadequate control and stock-taking of legitimate weapons in Pacific Island communities. The Programme is working to help address these issues in various ways. In the second half of 2009 a Control of Ammunition Project was managed by a Law Enforcement Secondment Officer on short-term attachment to the Forum Secretariat from the Samoa Ministry for Revenue. This project aimed to address gun control issues at point of sale, including through ensuring ammunition is sold only to licensed gun owners, that accurate records are

maintained of ammunition sold and that responsible gun ownership information is provided to each purchaser.

In addition, the Programme has worked in conjunction with the United Nations Office for Disarmament Affairs to establish a regional approach to assist FICs implement the United Nations Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects as adopted in 2001 (PoA). In a regional meeting for FICs hosted by the Government of Australia and the United Nations Office for Disarmament Affairs in Sydney on 22-23 June 2009, the Programme provided technical advice to members on strengthening the implementation of the PoA. At the meeting, representatives from the Forum Island Countries agreed to seek national consultations to consider draft Regional Implementation Guidelines for the PoA.

The Programme also provides secretariat support to the Pacific Working Group on Counter Terrorism. In addition to reviewing global terrorism-related activities and international trends that may affect the region, this Working Group coordinates and provides technical assistance and support to members in implementing their obligations under various counter terrorism conventions and United Nations Security Council Resolutions such as UNSCR 1540 and 1373. In 2009 the Working Group met in Suva on 3 June and presented a consolidated report to the FRSC.

#### Assistance with Honiara and Nasonini Declarations legislation

In 2009, the Programme encouraged member states to give close consideration to the Model Law on Counter Terrorism and Transnational Organised Crime developed by the Forum Secretariat to implement the legislative obligations under all the UN counter terrorism instruments and the UN Convention Against Transnational Organized Crime and its Protocols. Drafting assistance was also provided to a number of FICs to adapt the Model Law to national requirements which contributed to counter-terrorism legislation being adopted by Tuvalu and Solomon Islands Parliaments in the course of the year. In addition, assist-

ance was provided to FICs to adapt the updated model legislation on Extradition, Mutual Legal Cooperation and Proceeds of Crime. Another major activity was the endorsement by the FRSC of the regional Model Law on Customs, developed by the Forum Secretariat in collaboration with the OCO.

## Security – Regional and International Issues

Under the framework of the 2000 Biketawa Declaration, the Programme assists the Secretary General in his Good Offices role which includes, as required, the provision by the Political Adviser of advice on political and security developments to member countries. A key priority for the Programme is to maintain and expand key working partnerships with other major intergovernmental bodies, particularly the United Nations and the Commonwealth, given the significant support they can lend to the Forum on peace and security issues, including vital conflict prevention and crisis response support for the region.

### Fiji

As agreed in Niue in 2008, a Special Leaders Retreat was held in Port Moresby on 27 January 2009 to consider recommendations of the Ministerial Contact Group (MCG) regarding Fiji's failure to progress its undertakings to return to democratic rule. These recommendations, including a deadline for Fiji to act or risk suspension from the Forum, were adopted unanimously by Leaders and subsequently conveyed to Fiji authorities, in accordance with the provisions of the Biketawa Declaration. Following Fiji's failure to meet the deadline to confirm a commitment to return to democracy, Fiji was informed on 2 May 2009 that the Leaders' decision on its suspension from participation in Forum meetings was now in effect. Fiji also became ineligible to receive new Forum financial and/or technical assistance, other than assistance geared toward the restoration of democracy, and it was also prevented from benefitting directly from Forum regional cooperation initiatives.

The suspension decision came in the wake of the 10 April 2009 abrogation of





the Fiji Constitution and the declaration by President Ililo of a new legal order, including the revocation of all appointments to the judiciary which had been prompted by a court ruling that the interim government was illegal. The President also announced that general elections would not take place until September 2014 and reappointed Commodore Bainimarama as caretaker Prime Minister to lead his government for a period of five years with the country to be ruled by decree. Such decrees included the Public Emergency Regulations (PER) 2009 which imposed unprecedented control over broadcast news and media publications, expanded the powers of the security forces and placed harsh restrictions on freedom of assembly and political discourse. The Forum Chair continued to consult all Forum Leaders on developments and, in the absence of any change in Fiji's stance, the Leaders' decisions on Fiji's suspension were re-affirmed at the Cairns Forum in August 2009.

#### Regional Assistance Mission to Solomon Islands

The Regional Assistance Mission to Solomon Islands (RAMSI) remains a critical Forum regional deployment, underpinned by the firm commitment of Forum Leaders in the purpose of this regional mission to provide meaningful security and governance assistance to a fellow Forum member. Compared to past years, rela-

tions between RAMSI and the Solomon Islands Government and the Forum were greatly improved in 2009 based on strong partnerships developed between Solomon Islands parliamentarians, officials, the Solomon Islands people, RAMSI's principals and Forum members. The adoption of a Partnership Framework during 2009 was a major step forward in consolidating relations between the Solomon Islands Government and RAMSI which was warmly commended by Forum Leaders at their meeting in Cairns in August 2009. The Forum Representative to Solomon Islands continues to strengthen relations and engagement with the Government of Solomon Islands and key stakeholders, providing opportunities for constructive dialogue and cooperation on RAMSI and in relation to other Forum matters.

#### Human Security and Conflict Prevention

The Biketawa Declaration also provides the mandate for substantive conflict prevention and crisis response activities by the Programme. In close partnership with the UNDP Pacific Centre, work on the strengthening of conflict prevention and peace building capacities under the FRSC-approved three-year (2009-2011) Human Security Framework for Conflict Prevention continued with progress made in a number of key areas. There was substantial activity at regional and

national level on Security Sector Governance (SSG), aimed at ensuring effective civilian oversight of the security sector in FICs, including a landmark SSG regional conference in Tonga in April 2009 and commencement of national SSG consultation meetings in the second half of the year.

The Forum Secretariat also cooperated with UNDP on development of a programme of activities addressing marginalised youth and conflict to commence in 2010 and continued with ongoing work to better develop regional perspectives of the interface between climate change and security. The UNDP PC also provided the Programme with a Conflict Prevention Adviser who also supported the development of conflict prevention, peace building and crisis response capacities, including significant work to advance to Leaders at the 2009 Cairns Forum meeting the importance of high-level attention to addressing sexual and gender-based violence in the region. This resulted in Leaders giving direct undertakings to address this highly sensitive issue, including through strong commitments to concrete action in the Cairns Forum Communiqué.

In addition, recognising the important role played by civil society organisations (CSOs) in conflict prevention, the Programme initiated a Track II process for a meaningful dialogue and enhanced en-





agement with civil society. A very constructive PG&S Programme/regional CSO meeting was held in November 2009 with another planned for April 2010. The outcomes of these exchanges, including key CSO perspectives on conflict and security issues, will be reported to the 2010 FRSC.

### Election Observation

The Forum Secretariat continues to respond positively to requests from members to provide independent regional observation and reporting on their elections. The Forum's election observation activities are welcomed by member countries as contributing to their shared commitment to peaceful and democratic governance in accordance with the Biketawa Declaration, as well as their individual efforts to strengthen the integrity of their electoral processes. There were no Forum election observation missions during 2009 although preparations were commenced in cooperation with key partners, the UN and the Commonwealth, for a range of missions to be undertaken in 2010.

### Nuclear Issues

The Programme continues to assist members in their collective activity on nuclear issues as they affect the region. With regard to nuclear shipments, contact was maintained in 2009 with the shipping states at the senior political level, as well

as facilitation of a working-level meeting between Forum member officials and representatives of the shipping companies. In accordance with Forum Leaders' decisions, the Programme has also continued to assist the Republic of Marshall Islands (RMI) in coordinating regional support for its advocacy with the United States Government on the impact of US radioactive testing in RMI.

## Regional Legal Cooperation

Through its International Legal Adviser, the Programme has continued to support efforts to enhance regional cooperation in the legal sector, including, for example, its participation in the Pacific Islands Law Officers' Network (PILON). In 2009, the Programme was secured funding from the Government of Japan to progress an initiative under the Pacific Plan to improve regional cooperation in the region's legal sector. The funding will enable the Secretariat to undertake scoping studies to examine "possibilities for regional support, including through pooling of resources and regional integration, in legal institutions and mechanisms providing legislative services, and in the areas of judicatures, courts and tribunals" as identified in the Pacific Plan.

### Legal Drafting

Overall strengthening of the legislative drafting capacity of Pacific Island legal

drafters is a key activity for the Forum Secretariat which has been important in supporting improvements in regional law enforcement cooperation. The Programme continues to work with the Commonwealth Secretariat, University of the South Pacific (USP) Law School and Attorneys General from Member Countries to build sustainable legislative drafting capacity in the region. Issues of recruitment, training, support and retention of legislative drafters in FICs continues to drive the activities of the Forum Secretariat and its development partners.

Specific activities in 2009 included providing technical assistance to the Professional Diploma in Legislative Drafting course offered by the University of the South Pacific and sponsoring 5 students on that course. Other key activities included participating in the Pacific Law Drafters' Technical Forum held in Canberra in October 2009, the on-going updating and circulation of a 14 point Action Plan on Sustainable Capacity for Legislative Drafters in the Pacific and facilitating pairing and twinning arrangements between Pacific Island Countries Law Drafting Offices and Australian and New Zealand Law Drafting Offices. Work on establishing a website for Pacific law drafters remains a key priority for the Secretariat in 2010.

## Governance

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







Key activities in 2009 included implementation of regional ombudsman support activities by the Pacific Ombudsman Alliance (POA), encouragement of ratification of the UN Convention against Corruption (UNCAC) by Forum members, strengthening governance through leadership practice and research, efforts to improve access to official information/freedom of information and programmes aimed at addressing more equal gender participation in national decision-making processes.

Tangible progress was made in building on strong partnerships to maximise the expertise, resources and experiences of technical organisations to advance the governance priorities of the Pacific Plan. A regional work programme approved by the POA Board in 2009, will be funded by AusAID to provide training, placements and a series of specialised technical assistance to FICs. The POA and others, including the UNDP Pacific Centre, continued to promote freedom of information in the region in 2009. Work on anti-corruption focused on assisting FICs to ratify/accede to UNCAC through regional and national consultations. On

leadership practice, research on actual leadership practice against the Forum Principles of Good Leadership in 14 FICs for the period 2008 was completed. The findings will be released during 2010.

### Human Rights

The Programme finalised recruitment of a Human Rights Adviser to commence in early 2010. Pending that appointment, in close cooperation with the Regional Rights Resources Team (RRRT) of the SPC, the Programme sought to advance to the 2010 FRSC consideration of possible regional human rights mechanisms as identified as a priority under the Pacific Plan. Additionally, in partnership with the European Union, the programme is proposing significant practical assistance to encourage ratification, compliance and implementation of major human rights conventions in the region. The Programme also cooperates with a wide variety of human rights stakeholders, including intergovernmental bodies such as the UN High Commissioner for Human Rights, and key non-government groups, to encourage informed debate on human rights issues in the Pacific region.

## Institutional Issues

### Leaders' Summits and High level meetings

The Programme plays a major role in facilitating annual Forum Leaders' and related meetings and the range of summits and high level meetings between Leaders and key partners. In 2009, in close cooperation with host governments, Papua New Guinea and Australia, this included the Special Retreat of Forum Leaders in Port Moresby in January and the Forum Leaders meeting and related meetings in Cairns in August. The Programme also supported high-level visits by the Chair of the Forum and Secretary General to Japan in March in addition to the PALM 5 meeting held in Hokkaido in May. The Programme also prepared arrangements for the Secretary General to participate in the UN General Assembly and associated meetings, including the Summit on Climate Change, in September 2009 in New York.

### Associate Members and Observers

While there were no new requests for Forum Associate Membership or Observer status during 2009, the European Union (EU) sought observer status to the FRSC meeting. This was agreed by all Forum members allowing the EU to observe the FRSC in 2010. The Programme was also instructed by the FRSC to propose guidelines to assist Members in reviewing any future applications for Observer status to the FRSC.

### Treaty Depository Role

The Programme also supports the Secretary General in his role as Depository for nine regional treaties and provides State Parties and the wider public with up-to-date information on their status, including through regular updates on the Forum Secretariat website. During 2009, the Programme carried out depository-related functions, including in relation to the Pacific Islands Civil Aviation Safety and Security Treaty (PICASS), the Pacific Agreement on Closer Economic Relations (PACER), the Pacific Island Countries Trade Agreement (PICTA) and the MOU establishing the Pacific Forum Line.



# Economic Governance Programme







*The Economic Governance Programme focuses on two goals of the Leaders' Vision – those of promoting economic growth and regional integration.*

The Economic Growth Pillar of the Pacific Plan has three elements that guide the work of the Economic Governance Programme:

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

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

This was a year of change for the Economic Governance Programme as it dealt with a realignment of work between new

and established regional agencies. It was also a very difficult year for the Economic Governance team. Staffing and budget constraints have affected the ambitious programme of work set out in the 2008-2011 Economic Governance Programme Strategic Plan, and the move of a number of the Outputs in the Private Sector Development and Economic Reform and Infrastructure Components to counterpart agencies the Pacific Islands Private Sector Organisation (PIPSO) and the Secretariat of the Pacific Community (SPC) have left the Plan in need of a substantial revision. The focus in 2010 will be to address these challenges and build a stronger programme as we enter the next three year planning cycle.

A number of new activities commenced in 2009 which also altered the focus of the work programme. PACER Plus negotiations commenced in line with Leaders' direction from their meeting in August, and the Economic Governance Programme (EGP) was tasked with coordinating meetings of all Members and providing support toward the establishment of the Office of the Chief Trade Adviser. In addition, the Global Economic Crisis put particular strain on Pacific Island economies and a number of new work programmes were established to support economic policy reform and revenue management, particularly through the October meeting of Forum Economic

Ministers.

Work during 2009 saw the development of the Pacific Aid for Trade Strategy and, in response to commitments made under the Cairns Compact on Strengthening Development Coordination in the Pacific, EGP took on the lead role for the coordination of Aid-for-Trade in the Pacific. This is increasingly important as development partners channel these funds through shared mechanisms like the Aid-for-Trade Roundtable Meetings. Through these mechanisms, EGP will work more closely and collaboratively with development partners and will improve transparency, consultation and communication among development partners, implementing agencies and Member countries.

In response to these factors, EGP commenced a process of realignment and rebalancing in 2009 that will continue through 2010. This exercise will lead to the development of the Programme Strategic Plan for 2012 – 2014. This process is focused on corporate aspects of the Programme, particularly the improvement of the delivery of core mandates and services to Members, and the improvement of budget management and transparency.

Key achievements in 2009 saw good progress made in the Economic Partnership Agreement negotiations with the European Union, which we hope will conclude in late 2010. Countries also



progressed negotiations of the Trade in Services agreement under the Pacific Island Countries Trade Agreement, which we hope will also conclude in late 2010.

The launch of the Traditional Knowledge Action Plan in December 2009 was the culmination of a successful year of work in the area of Intellectual Property and Traditional Knowledge.

EGP successfully hosted two meetings of Forum Trade Ministers and one of Forum Economic Ministers.

Given global events, the 13th Forum Economic Ministers' Meeting had a particular focus on the global economic crisis. Ministers discussed ways Forum Island Countries were affected by the crisis, and shared ways of dealing with its adverse impacts. In support of strengthened financial management for a more robust regional economy, and responding to the Cairns Compact, the Forum Secretariat was tasked by Ministers with the coordination of the development of a Roadmap for the progressive strengthening of Forum Island Countries public finance management. Work on this is ongoing with a view to the Roadmap being tabled for consideration by Leaders at their meeting in 2010.



Work also commenced on other Ministerial directions, including the pilot phase of a Post Clearance Audit programme in cooperation with Oceania Customs Organisation, and a study on revenue collection and capacity within the region for consideration by Ministers at their meeting in 2010.

EGP also commenced a process of strengthening and performance improvement for the Pacific Island Trade and Investment Commissions. This included the introduction of improved outcome assessment and reporting processes and

the reintroduction of regular quadrilateral meetings. This will see a more significant role in promoting Pacific Island exports and investment for the Pacific Island Trade and Investment Commissions, with an expectation of significantly improved performance in the coming years.

With preparations now underway to lay the foundations for a renewed focus on the provision of service to Members and on corporate strengthening, EGP ended the year on a strong note and will accelerate this work programme in 2010.





# Strategic Partnerships & Coordination Programme







*The Strategic Partnerships and Coordination Programme (SPCP) provides advice and coordination to support members to better engage with current and emerging partners. In doing so, it works to facilitate dialogue; represent and advocate the Forum position on various issues at both regional and international levels; and provides strategic advice to Forum Members to better understand, access and utilise available and future resources to support the building of national and regional capacity to meet the challenges the Pacific faces.*

In addition, the programme works collaboratively with key partner agencies, development partners and donors in the implementation of Leaders' decisions. The Programme does this through strengthening partnerships, enhancing coordination and assistance in support of the effective implementation and monitoring and evaluation of Leaders' decisions.

The Programme also manages the coordination of the implementation of the Pacific Plan and is responsible for the mobilisation of regional resources to support priorities as identified by Leaders.

Since the Leaders' meeting in August 2009, the Programme has accorded a major priority to the timely implementation of the Cairns Compact on strengthening development coordination in the Pacific.

The Programme continues to provide quality assessment and analysis of current and emerging issues of interest to members and also catered for the special requirements of the region's Smaller Island States.

### The Pacific Plan

Over the past 12 months, the Pacific Plan Office has continued to support monitoring and reporting on implementation of the Pacific Plan. In line with greater focusing of efforts under the Pacific Plan, Leaders endorsed recommendations from the Pacific Plan Action Committee (PPAC) to focus on five priority areas over the next three years. These cover broad-based economic growth, improving livelihoods, addressing the impacts of climate change, stronger national development through better governance, and improved conditions for stability and security. This approach provides the plat-

form to re-focus efforts on current and emerging issues of significance to the Pacific. The work of the CROP agencies in this regard must be commended.

In 2009, the Pacific Plan Office also streamlined the reporting processes with associated reports reduced from six-monthly to annual. The Office also supported the successful outcomes of the two PPAC meetings in April and July 2009.

The Three Year Review of the Pacific Plan was undertaken with the support of the Pacific Plan Office. The recommendations from the report were submitted to the July PPAC meeting but were deferred for consideration until its next meeting.

The Pacific Plan Office faced a number of challenges in 2009. The recruitment of the new Executive Officer for the Pacific Plan was delayed by some months, impacting on the work programme. As a result, the review of the Pacific Plan Desk Officers scheme scheduled for 2009 was deferred until 2010. Reporting by some members against the Pacific Plan remained a major challenge, given their range of other demands. Further work will be required to identify opportunities to streamline and further integrate reporting against the Pacific Plan and better support implementation of the priorities set by Leaders.

### The Cairns Compact

The Cairns Compact was one of the key







outcomes of the Cairns Leaders meeting in 2009. Although it was not initially part of the SPCP work plan, it certainly became an integral part of it and consumed a significant amount of resources in the latter part of 2009.

The overarching nature of the deliverables under the Cairns Compact required intensive and careful planning involving member countries, development partners and donors across the region. The development of the Implementation process for the Cairns Compact was carried out in close collaboration with member countries, development partners and regional and international partner agencies. Australia and New Zealand provided resources to support the work under the Cairns Compact.

The key deliverables for the Cairns Compact were identified as follows:

- Peer review of national development plans and planning processes of Forum Island Countries (FICs);
- FICs reporting on their national development plans and planning processes;
- Report by development partners on their contribution in support of the Cairns Compact;
- An MDG Tracking report;
- A Development Effectiveness Tracking Report;
- A road map for strengthening public financial management to be developed;
- An annual high-level dialogue between the private sector and Leaders; and
- Improved FIC development data.

Work on the Cairns Compact will feature prominently in the Programme's work plan for 2010.

## Summitries with Development Partners

Two Leaders summitries were held with two key development partners in 2009.

The first was the PALM 5 summit between the Leaders of Forum Members and Japan in May in Hokkaido, Japan, and the second was the French-Oceania Leaders summit in July in Noumea, New Caledonia. The Programme successfully coordinated meeting arrangements and briefings to support member countries' attendance at these summitries.

At the PALM5 summit, Leaders issued the Islanders' Hokkaido Declaration under which the Leaders reaffirmed their commitment to collaborate and cooperate on a wide range of issues. A significant part of the Declaration was the launch of the Pacific Environment Community (PEC) initiative, under which Japan provided a 6.6 billion yen contribution to the Pacific Islands Forum as part of the Cool Earth Partnership at the end of 2009. Despite the broad scope of the PEC, the funds provided were specifically tied to the procurement of solar panels and sea-water desalination plants.

The Secretariat has been tasked with administering and managing the funds provided under PEC, based on agreed guidelines and procedures adopted by the Government of Japan and the Secretariat. The Programme will carry this responsibility in 2010.

The French-Oceania summit issued a Declaration identifying several thematic areas in which France and Forum member countries should cooperate and collaborate. These included political and security, sustainable economic and social development, and climate and sustainable development.

## Other Partner Relations

The Post Forum Dialogue (PFD) continued to provide the high-level political forum for interaction between PFD partners and Forum members. Its meeting in 2009 was highly interactive and guided by the theme of development coordination in line with Cairns Compact objectives.

The PIC-Partners' meeting provided a forum for interactions with other development partners who are not PFD partners. This meeting needs to be substantially restructured to align it with the Cairns

Compact objectives and processes.

The Programme continued to manage several funds provided by development partners, the most significant being the European Development Fund (EDF). The EDF is in its 10th funding cycle, and the focus in 2009 was to develop project proposals for funding under EDF-10. Three project proposals were approved in 2009 and included i) development of sustainable tuna fisheries (DevFish 2) worth 8.2 million euro; ii) scientific support for the management of coastal and oceanic fisheries (SciCOFish) worth 9 million euro; and iii) a project on deep sea minerals in the Pacific, worth 4.7 million euro.

The senior officials meeting between the European Union and Pacific Islands Forum representatives was successfully held in 2009 as part of the enhanced political dialogue mechanism between the EU and PIF.

Two scholarship schemes were also managed by the Programme in 2009. These included the China-Pacific Islands Forum and the Taiwan/ROC-Pacific Islands Forum scholarship schemes. Under the former, the Programme managed the advertisement and assessment of scholarships while the funder took care of the other arrangements. Under the latter, the Programme managed the entire scheme including provision of pastoral care to students. Intakes for both scholarship schemes in 2009 were successfully managed.

## Social Policies

The Programme continued to coordinate and facilitate regional responses to a number of social issues.

The Programme served as the Secretariat to the Forum Education Ministers Meeting. As such it coordinated and facilitated the implementation of the ministers' decisions. In 2009, the Programme through the Social Policy Adviser coordinated the review of the Forum Basic Education Action Plan as directed by the ministers. The review resulted in a new Pacific Education Development Framework adopted by the ministers at their meeting in 2009. The framework will now guide regional responses to education development in





the region where collective responses add value to national efforts.

The Programme was instrumental in leading the work in 2009 on the development of a regional strategy on disability for the Pacific, and preparations for the historical Forum Ministerial Meeting on disability issues. The meeting was sanctioned by the Leaders Meeting in 2009 and was successfully convened in Rarotonga, Cook Islands, in October 2009. The ministerial meeting was the first of its kind, and structured to promote direct interaction between ministers and representatives of organisations that catered for the interests of people with disabilities. The Forum Disability Ministers Meeting adopted the Pacific Regional Strategy on Disability which sets a regional platform for collaboration amongst partners in addressing issues of disability. The Programme was tasked with the responsibility of coordinating the implementation of the regional strategy and associated action plans both at the regional and national levels. A monitoring and evaluation framework for the regional strategy will also be required.

In 2009, the Programme's Gender Issues Officer worked in close collaboration with the Regional Governance Adviser to convene training workshops designed

to enhance the level of participation by women in local and national decision-making processes. As a result of these workshops, some members considered special measures at parliamentary level to enhance the participation of women in their national parliaments. The Gender Issues Officer was also instrumental, in collaboration with SPC, in facilitating regional preparations for international meetings concerning the rights of women.

The issue of food security was acknowledged by Leaders as an important regional issue and a Pacific Food Summit was sanctioned by Leaders in 2009 to be held in 2010. The Programme contributed to preparations for the summit through a working group set up for that particular purpose.

### Smaller Island States issues

The Secretariat continued to accord special treatment to issues of particular interests to the Smaller Island States (SIS) of the Forum. The SIS Unit, located in the Programme, continued to coordinate the implementation of regional SIS priorities identified by the SIS Leaders' meeting which was successfully convened.

Major initiatives that materialised over

the course of 2009 included the formal launching of the bulk procurement initiative under the Pacific Petroleum Project and the conclusion of the SIS central regional feeder shipping services involving Kiribati, Nauru, Tuvalu and the Marshall Islands.

The SIS Development Fund continued to provide a facility to support development initiatives by SIS. The challenge remains to provide a sustainable source of funding to maintain a credible level of funds to meet its objectives.

### Public Affairs Unit

The Secretariat's communications and publicity are undertaken by the Public Affairs Unit located within the Programme. The Unit was instrumental in developing the new look for the Secretariat's website in 2009. All press releases are managed by the Unit, which undertook a more proactive approach to media press coverage of key regional events.

### Sustainable Resources Management

Under the 2008-2012 Corporate Plan, it is not envisaged that the Programme will engage in issues previously covered under its sustainable development component, which no longer exists. However, in







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

The Cairns Call to Actions on Climate Change and the Leaders decision on the Oceanscape Initiative provided the basis for the Secretariat to review its role in these issues. In 2009, the Programme kept a watching brief on developments relating to climate change, especially from the angle of coordination of partners inputs to addressing the impacts of climate change. It also played a role in reviving the CROP Marine Sector Working Group which was tasked with coordinating the development of the Oceanscape Initiative.

The Secretariat also maintains close tabs on the work of regional and international agencies that broadly address sustainable development issues. In particular, the Secretariat was represented at meetings of the Forum Fisheries Agencies and the Western and Central Pacific Fisheries Commission.





# Corporate Services







*The Corporate Services Team continues to provide the support, service and infrastructure necessary for the Secretariat to pursue its mission of "effective implementation of Leaders' decisions for the benefit of the people of the Pacific".*

### New Corporate Plan

In 2008, the Secretariat developed a new Corporate Plan, and programme strategic plans. During this process, Corporate Services further aligned its own goal to that of the Secretariat's Corporate Plan: to "develop an organisation recognised for its excellence through its people, culture, structures and systems working together...". In order to achieve this goal, we are continually looking to improve what we do and how we do it.

The 2008 strategic planning framework provided for Individual Corporate Plan on a Page (CPOPs) which have been embraced by Corporate Services management and staff. CPOPs align the work of the Teams and staff to the Corporate

Services strategic plan, and hence to the Secretariat's Corporate Plan. They are used in conjunction with job descriptions to form the basis of each individual's annual performance agreement.

They were also highly effective for forward planning and monitoring during 2009. A new monthly reporting framework, based on the CPOPs, was developed for Corporate Services Team Leaders which has proven to be an excellent mechanism to measure and monitor our progress against our activities and outputs.

Overall, we are making good progress toward achieving the outputs described in our strategic plan. However, we do recognise that our strategic plan is for three years and if there is one key lesson that we have learnt in 2009 – it is that we cannot do everything at once. We were exceptionally optimistic when planning for 2009. However, we found that with our limited resources (both human and financial), we have not been able to complete all of the projects associated with our identified activities, while at the same time providing the support and service required of us. Therefore, we are lagging behind schedule in some areas. We have

not let this deter us but are more determined than ever to focus our energies in those areas during 2010 and 2011.

### CROP Harmonisation

It has been another exceptionally busy year for Corporate Services.

This year provided an excellent opportunity for us to forge greater CROP partnerships through the CROP Working Group on Harmonisation and the Joint CROP Information Services Review.

The CROP Working Group on Harmonisation worked tirelessly throughout the year on the 2009 Triennial Remuneration Review; on a job sizing review for all positions; and on the 2009 Market Data reviews. Through the 2009 review process it was particularly pleasing to note that the Secretariat's performance management and remuneration systems are considered best practice, and many of the participating CROP were proposing to follow our lead in these areas.

The Joint Information Service Review was the "first of its kind" as we joined forces with three other CROP agencies to review our service delivery in our respective Information Services Teams. As a result of



the review, the Secretariat's Team was renamed the Information Management Team, and two new positions were established replacing one existing vacancy.

## Forum Officials Committee (FOC)

Corporate Services provided secretariat services to the FOC Sub-Committee on Membership Contributions, which was also very active in 2009. Several meetings were held and a report and recommendations will be submitted to FOC in 2010.

Highlights of the 2009 FOC session in July were the approval of the new Financial Regulations and the revised Staff Regulations. The HR and Administration Team made significant progress with reviewing and creating the necessary policy and procedure documents to support these regulations. These will be published on an Intranet for ready access by staff, and possibly on the extranet for access by members and CROP agencies. An on-line performance management system has also been developed and will be launched in 2010 along with the Intranet.

## New travel systems

In our constant bid to improve our systems and processes, Travelsoft was designed and developed to provide electronic preparation and processing of

travel plans across the Secretariat. Travelsoft was being trialed in the last quarter of 2009 to iron out the bugs, and full implementation was planned for early 2010.

We also formed a new Applications Development Taskforce within Corporate Services, to oversee applications development and ensure that standards and criteria are met.

## Finance

We put out a call for tenders for the Secretariat's annual financial audit. KPMG, Fiji, was again successful. With the receipt of the PALM5 PEC funding, the shape of the Secretariat's balance sheet has changed significantly. The Secretariat's exposure to foreign exchange rate risk has increased and measures were put in place to mitigate this risk.

With the implementation of the new finance system in 2008, the Financial Services Team had the tools in 2009 to improve processing and nearly all transactions are now being recorded in "real time". This has not only improved efficiency but provided more timely turnaround of the monthly management accounts and project financial reporting. Further efficiency gains will be realised through implementation of the new Credit Card Policy which was approved by the Secretary General.

## Staff training

One of the key components of our goal is the development of our people who are known for excellence in all that they do. We strive as a programme to ensure that our staff have the skills and knowledge required to be the best. In 2009, two of our HR staff gained Belbin accreditation and are now working on how to best use the Belbin tools for organisational development and recruitment. A member of our Information Services Team attended the biennial Pacific Branch of International Council on Archives (PARBICA) Conference, and brought back key tools for the Team to use. One such tool - the Record-keeping for Good Governance Toolkit - will be used as the basis of our Records Management Policy & Retention Index.

The Information Services Team focused on improving service delivery through one-on-one training with new staff and development of "self-help" brochures. They widened their professional networks to explore synergies with other special libraries, and set-up a Liberty 3 user group to enhance their utility of the Library software.

## Information Technology

The Secretariat is heavily dependent on information technology in order to deliver its services to Members. The Informa-







tion Technology Team has been working diligently in the background fine tuning and upgrading the IT Infrastructure. Services, such as VPN access, Outlook Web Access and Outlook Anywhere, have been deployed to make it easier for staff "on the road" to have access to their email and the data they require. The office backbone was upgraded from 1Gbps to 10Gbps and the server operating systems and Microsoft Exchange were upgraded to the latest versions. Windows 7 was deployed on request as was Office 2007.

### Property Services

In 2008, a review of the Property Services Team was undertaken by an external consultant. One of the key recommendations was a change in structure of the Team and the establishment of two key positions of Building Maintenance Coordinator and Grounds and Services Coordinator. Leading up to and after the 2008 review many of the positions were filled with temporary contracts which were allowed to expire and recruitment for these positions commenced in the last quarter of 2009. Given the age of the buildings, and in-line with the 2008 review, a more structure approach to asset and maintenance management is now required. The process of documenting a property services management strategy was started with a complete mechani-

cal and electrical audit which identified the location and status of the underlying infrastructure. Some work has begun in the development of the necessary asset management plans which will be finalised in 2010. Work was also started on documenting the Property Services policies and procedures.

### Forging ahead

Overall, it was a good year for Corporate Services. We have made significant inroads in some areas, learnt some key lessons and will work even harder over the next two years to progress in the areas that are lagging behind.

The valuable lessons learnt throughout 2009 played a key role in ensuring that our Corporate Services 2010 Planning Day, held in December (within the Strategic Planning Framework) was such a great success that we were able to "hit the ground running" in 2010.

All that Corporate Services achieved in 2009 could not have been done without the full commitment, energy and passion of the hardworking people who make up the team. They are the reason why the Corporate Services Team can proudly say that they provide the support, service and infrastructure necessary for the Secretariat to pursue its mission of "effective implementation of Leaders' decisions for the benefit of the people of the Pacific."





# Audited Financials 2009







**PACIFIC ISLANDS FORUM SECRETARIAT**  
*Excelling Together for the People of the Pacific*

**Secretary General's Statement**

I am pleased to *present* the Secretariat's consolidated financial statements and independent auditor's report for the year ended 31 December 2009.

During the year, our budget increased from FJD36M to FJD156M due to commencement of the Japan funded Pacific Environment Community project.

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 large budget. 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 2009 financial year.

In my opinion:

- (a) the accompanying consolidated 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 2009,
- (b) the accompanying consolidated statement of financial position is drawn up so as to give a true and fair view of the state of the Secretariat's affairs as at 31 December 2009,
- (c) the accompanying consolidated statement of changes in funds is drawn up so as to give a true and fair view of the movement in funds of the Secretariat for the year ended 31 December 2009, and
- (d) the accompanying consolidated statement of cash flows is drawn up so as to give a true and fair view of the cash flows of the Secretariat for the year ended 31 December 2009.

Dated at Suva this

1st

day of

April

2010

**Tuiloma Neroni Slade**  
Secretary General





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

### Scope

We have audited the financial statements of Pacific Islands Forum Secretariat (the Secretariat) for the financial year ended 31 December 2009, consisting of the consolidated statement of comprehensive income, general fund statement of comprehensive income, trust fund statement of comprehensive income, reserve fund statement of comprehensive income, the consolidated statement of financial position, consolidated statement of changes in funds, consolidated statement of cash flows and accompanying notes set out on pages 10 to 22. The Secretariat is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Members of the Pacific Islands Forum.

Our audit has been conducted in accordance with International Standards on Auditing to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with International Financial Reporting Standards and the Secretariat's financial regulations so as to present a view which is consistent with our understanding of the Secretariat's financial position and the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

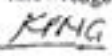
### Audit opinion

In our opinion:

- (a) proper books of account have been kept by the Secretariat, so far as appears from our examination of those books; and
- (b) the accompanying financial statements of the Secretariat, which have been prepared in accordance with International Financial Reporting Standards:
  - (i) are in agreement with the books of account;
  - (ii) to the best of our information and according to the explanations given to us:
    - (a) give a true and fair view of the state of affairs of the Secretariat as at 31 December 2009 and of the results and cash flows of the Secretariat for the year ended on that date; and
    - (b) give the information required by the Secretariat's financial regulations in the manner so required.

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.

Suva, Fiji Islands  
1 April, 2010

  
KPMG  
Chartered Accountants

Financial Statements

31 December 2009



## Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2009

	Note	2009 Revised Budget FJD	2009 Actual FJD	2008 Actual FJD
<b>Income</b>				
Contributions from Members	2	3,502,979	3,502,979	3,502,979
Interest		287,236	368,516	471,640
Other Income	3	811,395	704,565	236,691
Trust Fund Income	5	30,251,526	151,174,579	20,463,028
Benefits Derived from Property, Plant and Equipment		-	301,713	310,304
		<u>34,853,136</u>	<u>156,052,352</u>	<u>24,984,642</u>
<b>Expenditure</b>				
Economic Governance		15,251,532	13,049,105	12,339,891
Political Governance and Security		5,503,282	3,664,665	3,850,699
Policy Coordination and Advice		-	-	1,242,675
Strategic Partnerships and Coordination		7,604,749	5,696,718	3,766,192
Special Projects		-	-	457,914
Corporate Services		2,733,339	2,778,400	2,481,479
Management of the Secretariat		1,972,805	1,910,634	1,507,136
		<u>33,065,707</u>	<u>27,099,522</u>	<u>25,645,956</u>
		<u>1,787,429</u>	<u>128,952,830</u>	<u>(661,314)</u>
Foreign Exchange Gain/(Loss)		<u>1,211,353</u>	<u>4,234,146</u>	<u>(800,624)</u>
Other Comprehensive Income		-	-	-
Surplus/ (Deficit) of Income over Expenditure		<u>2,998,782</u>	<u>133,186,976</u>	<u>(1,461,938)</u>

This statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements. For the notes, please refer to a copy of the 2009 Audited Accounts on the Forum Secretariat's website, [www.forumsec.org](http://www.forumsec.org).



## General Fund Statement of Comprehensive Income For the Year Ended 31 December 2009

	Note	2009 Revised Budget FJD	2009 Actual FJD	2008 Actual FJD
<b>Income</b>				
Contributions from Members	2	3,502,979	3,502,979	3,502,979
Interest		287,236	363,187	466,415
Other Income	3	811,395	704,565	236,691
		<u>4,601,610</u>	<u>4,570,731</u>	<u>4,206,085</u>
<b>Expenditure</b>				
Economic Governance	4(a)	108,628	94,505	102,024
Political Governance and Security	4(b)	88,037	86,037	76,770
Policy Coordination and Advice	4(c)	-	-	35,763
Strategic Partnerships and Coordination	4(d)	556,330	449,857	236,235
Special Projects	4(e)	-	-	184,874
Corporate Services	4(f)	2,733,339	2,476,687	1,959,873
Management of the Secretariat	4(g)	1,972,805	1,910,634	1,507,136
		<u>5,459,139</u>	<u>5,017,720</u>	<u>4,102,675</u>
		<u>(857,529)</u>	<u>(446,989)</u>	<u>103,410</u>
Transfer to Trust Fund		(260,000)	(260,000)	-
Foreign Exchange Gain/(Loss)		<u>1,211,353</u>	<u>2,479,014</u>	<u>(800,624)</u>
Other Comprehensive Income		-	-	-
Surplus/ (Deficit) of Income over Expenditure		<u>93,824</u>	<u>1,772,025</u>	<u>(697,214)</u>

This statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements. For the notes, please refer to a copy of the 2009 Audited Accounts on the Forum Secretariat's website, [www.forumsec.org](http://www.forumsec.org).



## Trust Fund Statement of Comprehensive Income For the Year Ended 31 December 2009

	Note	2009 Revised Budget FJD	2009 Actual FJD	2008 Actual FJD
<b>Income</b>				
Trust Fund Income	5	30,251,526	151,174,579	20,463,028
Benefits Derived from Property, Plant and Equipment			301,713	310,304
		<u>30,251,526</u>	<u>151,476,292</u>	<u>20,773,332</u>
<b>Expenditure</b>				
Economic Governance		15,142,904	12,954,600	12,237,867
Political Governance and Security		5,415,245	3,578,628	3,773,899
Policy Coordination and Advice		-	-	1,206,912
Strategic Partnerships and Coordination		7,048,419	5,246,861	3,529,957
Special Projects		-	-	273,040
Corporate Services		-	301,713	521,606
Management of the Secretariat		-	-	-
		<u>27,606,568</u>	<u>22,081,802</u>	<u>21,543,281</u>
		<u>2,644,958</u>	<u>129,394,490</u>	<u>(769,949)</u>
Transfer from General Fund		260,000	260,000	-
Foreign Exchange Gain		-	1,755,132	-
Surplus/ (Deficit) of Income over Expenditure		<u>2,904,958</u>	<u>131,409,622</u>	<u>(769,949)</u>

This statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements. For the notes, please refer to a copy of the 2009 Audited Accounts on the Forum Secretariat's website, [www.forumsec.org](http://www.forumsec.org).



## Reserve Fund Statement of Comprehensive Income For the Year Ended 31 December 2009

	2009 Actual FJD	2008 Actual FJD
<b>Income</b>		
Interest Earned	5,329	5,225
<b>Total Income Received</b>	5,329	5,225
<b>Expenditure</b>	-	-
Surplus of Income over Expenditure	5,329	5,225






**PACIFIC ISLANDS FORUM SECRETARIAT**  
*Swelling Together for the People of the Pacific*

**Consolidated Statement of Financial Position**  
**As at 31 December 2009**

	Note	2009 Actual FJD	2008 Actual FJD
<b>Current Assets</b>			
Cash and Cash Equivalents			
Inventories	6	145,566,737	11,550,998
Receivables – Members	7	10,056	13,965
Other receivables and prepayments	8	187,679	60,697
Total Current Assets	9	329,533	585,523
		<u>146,094,005</u>	<u>11,811,183</u>
<b>Non-current Assets</b>			
Property, plant and equipment	10	8,147,156	8,169,873
Intangible assets	11	189,023	162,670
Total Non-current Assets		<u>8,336,179</u>	<u>8,332,543</u>
<b>Total Assets</b>		<u>154,430,184</u>	<u>20,143,726</u>
<b>Current Liabilities</b>			
Current Payables			
Contributions Received in Advance – Trust Fund	12	3,223,238	1,828,803
	13	<u>140,354,318</u>	<u>8,624,696</u>
Total Current Liabilities		<u>143,257,556</u>	<u>10,453,499</u>
<b>Net Assets</b>		<u>11,172,628</u>	<u>9,690,227</u>
<b>Accumulated and Reserve Funds</b>			
General Fund		4,677,411	2,905,386
Reserve Fund		<u>271,715</u>	<u>266,456</u>
Capital Reserve		<u>6,223,432</u>	<u>6,518,385</u>
Total Accumulated and Reserve Funds		<u>11,172,628</u>	<u>9,690,227</u>

Signed in accordance with a resolution of the Secretariat.

  
 Paulina Aeroni Slade  
 Secretary General

  
 Stephanie Jones  
 Director Corporate Services

Financial Statements

31 December 2009

This statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements. For the notes, please refer to a copy of the 2009 Audited Accounts on the Forum Secretariat's website, [www.forumsec.org](http://www.forumsec.org).



## Consolidated Statement of Changes in Funds For the Year Ended 31 December 2009

	2009 Actual FJD	2008 Actual FJD
<b>General Fund</b>		
Balance at the Beginning of the Year	2,905,386	3,602,600
Surplus of Income over Expenditure	1,772,025	(697,214)
Balance at the End of the Year	<u>4,677,411</u>	<u>2,905,386</u>
<b>Reserve Fund</b>		
Balance at the Beginning of the Year	266,456	261,231
Surplus of Income over Expenditure	5,329	5,225
Balance at the End of the Year	<u>271,785</u>	<u>266,456</u>
<b>Capital Reserve</b>		
Balance at the Beginning of the Year	6,518,385	6,819,235
Purchase of Trust Fund Assets	6,760	9,454
Depreciation Expense	(301,713)	(310,304)
Balance at the End of the Year	<u>6,223,432</u>	<u>6,518,385</u>

This statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements. For the notes, please refer to a copy of the 2009 Audited Accounts on the Forum Secretariat's website, [www.forumsec.org](http://www.forumsec.org).



## Consolidated Statement of Cash Flows For the year ended 31 December 2009

	2009 Actual FJD	2008 Actual FJD
<b>Cash Flow from Operating Activities</b>		
Contributions from Members	3,456,022	3,336,735
Trust Fund Income	151,046,887	20,463,028
Programme and Project Costs	(21,506,254)	(20,933,158)
Other Operational Costs	(3,454,578)	(3,352,459)
Interest Received	269,926	458,292
Rent and Other Income	515,139	347,564
Realised Exchange Gain (Loss)	300,321	16,184
<b>Net Cash Flow from Operating Activities</b>	<u>130,627,463</u>	<u>336,186</u>
<b>Cash Flow from Investing Activities</b>		
Proceeds from Sale of Property, Plant and Equipment	1,914	-
Payments for Property, Plant and Equipment	(668,841)	(458,774)
(Loans to) Repayment from Related Parties	21,057	-
<b>Net Cash Flow from Investing Activities</b>	<u>(645,870)</u>	<u>(458,774)</u>
<b>Effect on Exchange Rate Changes</b>	4,234,146	(816,808)
<b>Net Increase/(Decrease) in Cash Held</b>	134,215,739	(939,396)
Cash at the Beginning of the Year	<u>11,350,998</u>	<u>12,290,394</u>
<b>Cash at the End of the Year</b>	<u>145,566,737</u>	<u>11,350,998</u>

This statement is to be read in conjunction with the notes to and forming part of the consolidated financial statements. For the notes, please refer to a copy of the 2009 Audited Accounts on the Forum Secretariat's website, [www.forumsec.org](http://www.forumsec.org).













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