MOTTO
Excelling Together for the People of the Pacific

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

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

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

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

The Annual Leaders’ Lecture Series is a growing tradition in our Region and I am both pleased and honoured to be here this evening to fulfil this role as Chair of the Pacific Islands Forum, and to contribute in some small way to showcasing the Pacific Plan and the importance of our efforts to strengthen its place in our future.

Pacific Regionalism speaks to the heart of our duty as Leaders for it is incumbent upon us to foster the ties and linkages between our nations and to fashion these relations into productive frameworks of cooperation. The focus on the Pacific Plan as the centrepiece of this public address is important to the work we have accomplished and the results we want to achieve in future years.

This evening I would like to build on the journey that fellow Leaders have already begun to map and share my perspectives on how the Pacific Plan must continue to be inclusive, to command ownership, and to project A New Optimism – A More Dynamic Pacific Plan.

Roots of optimism

Many Pacific Leaders, my contemporaries and those before me, have provided considerable input and insight to the way the Pacific Plan may be developed and strengthened over future years. To those Leaders I pay tribute for their commitment to our Region and its diverse cultures and peoples. The leaders of Vanuatu, Samoa, and New Zealand, for example, have previously referred to the roots of Pacific Regionalism, described the challenges associated with the ebb and flow of external pressures upon our self-determination efforts and responsibilities, and posed relevant questions for debate about how the Pacific Plan may be better attuned with the wishes and aspirations of Pacific peoples.

This year, I would like to take up a point made by the Prime Minister of New Zealand last year when he discussed the inaugural gathering of seven nations in Wellington more than 40 years ago. The Right Honourable John Key talked about the presence of a strong spirit of cooperation among the Founding Leaders, which was evident in their
communiqué at that time. It was an exciting time . . . a time of promise . . . when a sense of common purpose was taking hold with the anticipation of great developments to come and perhaps a newly-emerging air of optimism flourished among this group of nations willing to take on the challenges before them.

This positive feeling generated among a small group of Pacific nations was a keenness to embrace a new ‘Way’ – a new concept of consulting and working closely together to achieve common benefits. A new sense of optimism was clearly on the table even in the face of economic challenges and political sensitivities, such as trade blocs, decolonisation, and nuclear testing in the Pacific.

Over the course of more than 40 years, the central question, which will no doubt continue to provoke a range of responses, has revolved around whether the Pacific brand of Regionalism has any value. Certainly, questions of value and effectiveness had their roots in the minds of our Founding Fathers when they met in Wellington in 1971.

I believe our Leaders demonstrated considerable foresight in engaging as equal partners, understanding common problems and shortcomings, and placing the interests of Pacific peoples in the forefront of establishing a new organisational identity. It is understandable that in time, those early challenges would be subjected to considerable pressures – pressures brought about by not just the overwhelming nature of global trends but the confluence of national interests with regional sensitivities of cooperation in new fields. While we want to pursue our national-level interests at all times, regional cooperation does introduce scope for compromise and ongoing re-visititation.

Former United States President and global philanthropist, Bill Clinton, recently articulated the perception that many of today’s biggest challenges are the ‘modern manifestations of our oldest demons’. That challenge to break the mould of old mindsets is inspiring, and also appealing, to so many people across different walks of life, including here, in the Pacific.

In our region, I believe we have already begun to witness the signs of an era of new optimism – an era based on the realisation of gains and an improved understanding of the way we need to do ‘business’ – not just to survive but to prosper; to ‘lead free and worthwhile lives’.

Building Success

Although I make mention of the beginnings of a new time ahead, it would be remiss of me to omit the progress and successes of our Pacific Regionalism in past years. These success stories – and there have been many – are both uplifting and motivational.

The Regional Assistance Mission to the Solomon Islands, RAMSI, is among those ‘stand-outs’: Forum commitments and achievements in cooperation, governance strengthening, security, human rights, and conflict management and prevention are key parts of our engagement within, and beyond, our region.

Economically, the Forum stands strong together, on policy and trade frameworks such as PICTA, and the advancement of services, investment, and private sector expansion.

Strengthening inter-agency cooperation among the CROP group; the Forum Compact aid effectiveness; and donor partner dialogue successes – all these now involve fresh engagement with the United States, and newly-developing high-level contact with the United Nations Leadership and the UN’s broad system of global programmes.

The Pacific Islands Forum as it stands today, more than 40 years on, has a suite of formal mechanisms of action – all strengthened and given meaning by that willingness to work together. The Pacific Plan, a blueprint of our priorities, guides and adds value to the cooperative approach adopted by our 16 nations. We must build on progress and allow these gains to become part of who we are, and what we have.

The positive success stories are ours to promote and share with each other, and the rest of the world. Moreover, this new sense of optimism has to be driven by rising above the constraints and the difficulties we have confronted, and harnessing it to energise the Pacific Plan.
Future Generations
This year, on the occasion of the Annual Leaders’ Lecture, I have the opportunity to provide these perspectives on the Pacific Plan after having hosted the Forum Leaders in Rarotonga, and also Aitutaki. The Cook Islands accepted this honour with enormous pride and an inspiring highlight for us as hosts was to witness the optimism of our own people – especially the young. Those of you fortunate to have been there would, I think, agree with me that the schoolchildren of Rarotonga were the heart of this year’s gathering of Leaders – each school adopting a Pacific country as its own and taking it into their hearts as fondly as their own country spirit that beats within them. To me, our new optimism begins here: in those that are the heartbeat of our Region.

Oceans
The future generations are where our horizon lies as Pacific Islanders. For example, our support, hard work, and priority to establish a Marine Protected Area in the Southern EEZ of the Cook Islands, was all about the future. It is not about me . . . or you. Commanding half of our territorial sea and holding it up as an oceanic model for the sustainable management and use of our natural resources was all about our children’s children. Today’s framework of cooperation to pursue advantages is ‘our doing’ under the Pacific Plan’s regard for our ocean but the ideals are clearly designed for the benefit of those to come.

The sound management of our ocean’s resources is also the driving force of our ongoing priority to investigate seabed mining in the Cook Islands – a new frontier that blends caution with optimism while mapping a way forward.

Uppermost in this ‘steady as she goes’ approach is our deliberate and forthright path to build a credible new industry – an entirely new sector in our national economy, which will promote development with integrity.

The Cook Islands is not yet in a position to ‘dive’ for minerals but it is in a strengthened position . . . of knowledge and experience, after nearly four decades of seabed mapping and research, and more recently, a regulatory regime that will assist a competitive industry into the future.

While the Cook Islands is somewhat of an ‘old hand’ at talking about seabed minerals, it still remains true that deep-sea mining is new territory to explore. Optimism generated by the possibility of riches at the bottom of the sea must therefore be tempered with the reality of global trends and technological advancements as much as our capability in sustainable management.

Where the Pacific can claim an increasingly more positive outlook is the promise of new levels of cooperation in sharing experiences and information. With our nations integrated in close consultation, we can build the seabed mining knowledge base by drawing on the invaluable help of partnerships with entities such as the SOPAC Division of the Secretariat of the Pacific Community. The Cook Islands is a willing player in this regard and is prepared to advance the pace on sharing information on what will become a crucial industry in the future.

Fisheries
A quickening of pace has already characterised our cooperative, integrated approach to regional fisheries – the traditional centrepiece of the Pacific’s ‘oceanscape’. The fisheries resource crucial to our livelihoods and sustained economic strengthening has commanded the majority share of priority attention in policy and planning, as well as direct negotiations within, and outside, of the region.

It is fair to say that our stewardship of the ocean is dominated by a sector that cuts across all four pillars of the Pacific Plan: fisheries is inextricably tied to considerations of economic growth, sustainable development, good governance, and security.

In a series of firsts at this year’s Forum Leaders’ Meeting in Rarotonga, our fisheries management was given added security with the simultaneous conclusion of eight maritime boundary treaty signings, an accomplishment unequalled, anywhere in the world. This modest ceremony was a significant ‘card’ of achievement for the Region, harnessing multi-agency cooperation led by the Forum Fisheries Agency and the Secretariat of the Pacific Community, bringing together several countries in a multi-layered joint effort for fisheries governance, and strengthening the Pacific’s resource management priorities for the future. The purposeful dedication to preserve and manage our fisheries is a firm indicator of the potential of Pacific Regionalism to rise above the constraints, and stay optimistic about the future.

Sharing
Our brand of Regionalism also demonstrated, during the Forum in Rarotonga, a heightened awareness of each other’s peculiar challenges and advantages.

At the outset of the Forum proper, for example, the fledgling Polynesian Leaders’ Group, which embraces five full members of the Forum, led a discussion on Energy, and the progress of adopting and utilising alternative sources to fuel our future development. Samoa and the Kingdom of Tonga are among the leading nations in the Pacific in this regard, securing higher levels of integration by boosting the share of renewable energy generation and applying working models for the region to investigate, and perhaps adapt to their own power environments.

The Polynesian Leaders resolved to launch a new effort of
sharing the knowledge on energy developments, particularly given the varying speed levels of advancement among the Forum member countries. We would like to ratchet up the pace by learning as much as we can about what we can feasibly achieve, and in the process share in the budding interest in how renewable energy can transform our power systems, and thus, our national economies.

Enhancing the region with clean, green energy systems is a goal we can achieve and promote more broadly. Individually, Pacific nations have taken bold steps. Yes, our renewable energy targets are ambitious. And no, our pockets are not deep. But by recognising the extent to which we can close the gaps in the renewable energy knowledge base, a broader, concerted approach to exchanging information and study data will capitalise on the real achievements thus far, lift the momentum for change, and inject an added level of optimism about the future security of our energy needs. Individual gains can translate into joint benefits under a fresh approach – and demonstrating that to the outside world can attract the investment we need.

I believe our progressive steps in oceans management and alternative energy development help generate a renewed sense of optimism that will propel us well into the next 40 years.

The Future

In thinking about the Forum’s Founding Leaders, and their own outlook in 1971, I am reminded of the way my elders in Aitutaki were concerned about the future of their livelihoods.

My birth island – Aitutaki – is where a small community Growers’ Association played a major role in motivating our Founding Leader, Papa Arapati Henry, to take their concerns to the Regional ‘table’. At that time, well before the doors opened to tourism, grassroots concerns over the future sustainability of our valuable banana exports helped shape the Premier’s thinking – and approach – to Pacific Regionalism, and the burgeoning ‘Pacific Way’ of taking on challenges and talking them through with common purpose.

Today, linkages between the grassroots reality and regional objectives need to be clearly articulated and appreciated. Alignment must lead to improved levels of integration in the way we approach the setting of priorities. For our plan to be dynamic it should provide us the guidance with which to tackle our problems. It should remain relevant to the changing nature of the region and the influences and challenges it faces now, and into the future. And as much as possible, the will and support of Leaders can, and should, strengthen ownership of the Pacific Plan.

The forthcoming review ought to strengthen our capability to respond to the demands placed upon it. After all, we need a dependable way of keeping our finger on the pulse of this living framework so that it remains responsive to our needs and keeps that sense of optimism alive.

Distinguished colleagues and guests, I’d like to close this lecture with a respectful word about the greatest inspirational ‘framework’ of all – the Bible.

Should there be any doubt about the sense of something greater that is within our reach and the existence of optimism in believing in ourselves, one need only look to the Good Book.

On the road of adversity the Lord said this in Isaiah: ‘Do not remember the former things, nor consider the things of old. Behold, I will do a new thing.’

I believe the strengthening of our own resolve to do better, under our Pacific Plan to attain new heights of prosperity, and sustain peace in our region, we will always be blessed by the presence of the guiding hand of God.

Kia Manuia and may God continue to Bless us all.
This year has been both a challenging and rewarding one for the Secretariat. Notwithstanding significant progress and achievements made under the Pacific Plan, major challenges remain and continue to confront the region. As member countries maintain close working relations to identify effective pathways and best practices to overcome challenges facing them, it is clear that the Pacific Plan remains the central guiding strategy for regional agencies and other key players to ensure that national governments receive advice and services that are appropriate, targeted and accountable.

The Cairns Compact on Strengthening Development Coordination in the Pacific (Forum Compact) is now generally acknowledged as a key instrument in supporting the implementation of Pacific Plan priorities, and setting out principles and processes for coordinated aid delivery. In 2013 the Pacific Plan is due for review and at their meeting in Rarotonga, Cook Islands, Leaders considered the terms of reference for the review and agreed that the final report of the review, including a refreshed draft of the Pacific Plan, be presented to Leaders at their meeting in 2013 in Majuro, Marshall Islands. In light of this very significant milestone, Leaders endorsed Sir Mekere Morauta, former Prime Minister of Papua New Guinea, to lead the review team. The Pacific Plan needs to continue to remain relevant to member countries and other stakeholders and reflective of the current global development landscape.

In respect of the progress made in the implementation of the Pacific Plan over the period between July 2011 and July 2012, the major achievements noted included: progress in the implementation of the Waiheke Declaration on Sustainable Economic Development, progress in the implementation of the Pacific Islands Framework for Action on Climate Change, including efforts towards integrating regional disaster risk management and climate change frameworks and improving access to and management of climate change finance; the implementation of the Pacific Oceanscape Framework and other relevant ocean agreements, which has helped to support international recognition of Oceans in the PALM6 Declaration and the Rio+20 Meeting; and the successful implementation of the Forum Compact, including work done through peer reviews and public expenditure and financial assessments.

The 2012 Pacific Plan Progress Report also highlighted the key relationship between the Pacific Plan, the post-2015 development agenda and sustainable development goals. Leaders welcomed the important outcomes for the Pacific of the 2012 Rio+20 Conference, including the reaffirmation of the special case for small island developing States, the emphasis on oceans and the decision to develop sustainable development goals.

The post-2015 development agenda, in contemplation of the expiry of the current Millennium Development Goals in 2015 and the call by the Rio+20 Conference for the development of sustainable development goals, will constitute significant global processes that will ultimately set the format and design of the global development landscape post-2015. The region must be united and ready to contribute and participate effectively in these global processes in order to articulate and advocate with clarity our Pacific unique challenges and interests. Leaders acknowledged the importance of the review of the Pacific Plan in 2013 as an opportunity to encompass global developments and to better influence the post-2015 development agenda and sustainable development goals in the Plan. To this end, Leaders tasked the Forum Secretariat, in collaboration with CROP and UN agencies, to work closely with member countries to develop a Pacific position on the post-2015 agenda and sustainable development goals, and support them in contributing effectively to the relevant global processes, including the 68th UN General Assembly in September 2013.
The regional security issues continue to feature prominently in the activities of the Forum this year. At their sixth meeting in Honiara, Solomon Islands on 18 May 2012, the Forum Ministerial Standing Committee on RAMSI noted the importance of deeper engagement between the Solomon Islands Government with other donors, and for it to taking the lead through existing consultation and coordination mechanisms to map out development transition priorities and responsibilities. Ministers’ also highlighted the importance of consultative mechanisms and the role of the Forum in the oversight of RAMSI and agreed that it would be appropriate to review the future of the Partnership Framework, the Enhanced Consultative Mechanism (ECM) and the Forum Ministerial Standing Committee (FMSC) on RAMSI, and the ongoing role of the Forum Regional Security Committee. The Solomon Islands Government has called for the transition of RAMSI to be task-bound, and not time bound, and that the pace of transition across the various sectors of Government must ensure close consultation with the Government.

Trade and economic issues also featured prominently on the work of the Secretariat. Under the leadership of Forum Trade Ministers, the progress of the Pacific Agreement on Closer Economic Relations (PACER Plus) intensified with inter-sessional meetings on the common priority areas for improved engagement by Forum members. Leaders’ welcomed the signing of the PICTA Trade in Services Protocol as a significant achievement for FICs trade in services in important key sectors including tourism, transport and business services. Work on negotiations for a comprehensive Economic Partnership Agreement (EPA) with the European Union continued with a formal negotiating session convened in October 2012 after a lapse of almost three years. The Secretariat continues to support members in the development of their national trade policy frameworks, trade capacity building at the national levels, and the promotion of Pacific exports and investments.

Forty years on, the Secretariat continues to drive the implementation of Leaders’ decisions and in the process have been through several reviews in order to effectively achieve its core mandate. During the first quarter of this year, a review of the Secretariat’s core business was undertaken to ensure that it remains effective and able to work within the challenging regional landscape. In this regard, the Secretariat will continue to strive for efficiency and improvements in its service to member countries and the Secretariat welcomes the guidance and support of members, in particular in the greater exercise of their ‘ownership’ of the Secretariat.

Although the organisational review report was deferred for further consideration in light of the outcomes of the Pacific Plan review, the Secretariat has moved on with several corporate reforms including the adoption by the Forum Officials Committee (FOC) of a refreshed Corporate Plan 2013 – 2018 and four Programme Strategic Plans 2013 – 2015 for the Secretariat; establishment of an Audit and Risks Sub-Committee; with work continued on the development of a Communication Strategy; a Monitoring and Evaluation Framework; and continued improvement of the Secretariat IT services and asset management.

2012 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.

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.

Tuiloma Neroni Slade
SENIOR MANAGEMENT TEAM

Shiu Raj
Director Economic Governance Programme

Su’a K. Thomsen
Director Strategic Partnership and Coordination Programme
MISSION & PURPOSE

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

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

Our Values
We strive for professional excellence; and demonstrate personal leadership.
We are responsive to the priority needs of our members and other stakeholders; and excel in a caring, inclusive, and innovative environment.

Our Primary Roles
As set out in the 2005 Agreement Establishing the Pacific Islands Forum:
To provide policy advice and guidance in implementing the decisions of the Leaders.
To coordinate and assist in implementing the decisions of the Leaders.
To provide support to the Leaders’ meetings, ministerial meetings, and associated committees and working groups.

Our Guiding Principles
Address the priority needs and rights of our most vulnerable Members, communities and people (Special and Differential Treatment)
Embrace the cultural diversity of the region with tolerance and respect (The Pacific Way)
Facilitate the debate on how to position the region to meet emerging challenges both now and in the future (Foresight)
Recognition of the region’s responsibility for guardianship of the world’s largest ocean and its resources (Common Heritage)
Quality interaction with all our stakeholders, both internal and external (Communication)
Good governance and gender equality, and seek peak performance (Continuous Performance)
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 and later became the South Pacific Bureau for Economic Co-operation (SPEC). In the year 2000 the name South Pacific Forum changed to Pacific Islands Forum as a better reflection of the geographic location of its members in the north and south Pacific. As a result, SPEC changed to become the Pacific Islands Forum Secretariat (PIFS).

Membership encompasses Australia, Cook Islands, Federated States of Micronesia, Fiji (currently suspended), Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.


Since 1989, the Forum has held Post-Forum Dialogues with key Dialogue Partners at Ministerial level. There are currently fourteen 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 annual Forum meetings are chaired by the Head of Government of the Host Country (currently Cook Islands), who remains as Forum Chair until the next meeting.
The Pacific Islands Forum Secretariat is located in Suva, Fiji. The current Secretary General is H.E. Tuiloma Neroni Slade of Samoa.

The Secretariat’s mandate, delivered through the annual Leaders’ Communiqués and high-level ministerial meeting decisions, is to coordinate the implementation of the Pacific Plan for strengthening regional cooperation and integration. 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 current FOC Chair is Samoa.

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.
At their Retreat on Aitutaki in September 2013, Forum Leaders endorsed a Terms of Reference for the Pacific Plan Review, and agreed that it be led by Sir Mekere Morauta of Papua New Guinea, with the support of a small team of officials and consultants. Leaders asked for an updated Pacific Plan to be presented to them when they convene the 44th Pacific Islands Forum in the Republic of the Marshall Islands 2013.

The Secretariat’s role is to facilitate the Pacific Plan Review and to help coordinate all the necessary country visits and consultations that such a Review will require.

A key activity in 2012 was managing a competitive selection process for the Review team.

Through this process, two Pacific Islands Forum country representatives were selected: Mrs Peseta Noumea Simi, Assistant CEO of Finance (Aid Coordination Debt Management) in Samoa’s Ministry of Finance, and Mr Redley Killion, former Vice President of the Federated States of Micronesia (FSM) and former Senator of the FSM state of Chuuk.

In addition, two international consultants were appointed: Mr Peter Bazeley of the United Kingdom and Dr Nick Poletti of New Zealand. Mr Bazeley’s development career spans over 28 years’ work in the Pacific, Africa and Asia, during which time he was an adviser within the Policy Division of the UK Department for International Development and a senior independent expert working on development strategy and aid effectiveness issues. Dr Poletti has over 15 years’ experience working as a consultant in the areas of strategic planning, public sector reform and economic development. He has designed and managed public sector reform programmes in South Australia, Papua New Guinea, India, and Afghanistan. Robert Igara, whom the Government of Papua New Guinea elected to fund as a special advisor to Sir Mekere, joins this team.
The consultants have primary responsibility for producing the written outputs of the Review, under the guidance of Sir Mekere, including a Review report and a refreshed Pacific Plan. The country representatives play an important role in the consultations for the Review and will bring their national and regional experience to bear in the development of the Review’s written outputs.

The Review team met in Suva in early December 2012, when they set out their Review methodology. They declared their intention for the Review to be ‘open, consultative and iterative’, following a four-stage process:

1. a principal period of evidence-gathering, from late-January to mid-May 2013, to establish the breadth of issues that Forum countries, development partners, non-state actors (including civil society, academia, the private sector) and CROP agencies identify as relevant and important to the Review
2. presentation of preliminary findings and suggested next-steps to a special sitting of the PPAC for their feedback, most likely in late-May / early-June 2013
3. a second round of evidence-gathering, focused consultation, and report-writing in June/July 2013
4. presentation of a final report to the next meeting of the Pacific Islands Forum, to be held in the Marshall Islands in September 2013.

The Team agreed to gather evidence and opinion through:
- visits to all 16 Pacific Forum Member Countries, including Fiji, as well as the Forum’s two Associate Members
- public submissions, which will be received from all interested stakeholders up to May 2013
- commissioned studies and analyses by external experts and academics, to provide in a balanced way further contextual information on aspects of regional cooperation and integration.

Sir Mekere officially launched the Pacific Plan website in December 2012, stating that it would ‘be a key source of information for the public and will provide a portal for communication between the public and our Review team’. At the launch, Sir Mekere invited all stakeholders to begin exploring the website’s pages and thinking about how they may contribute to the Pacific Plan Review. ‘All are welcome to contribute their thoughts on our region’s future and the nature of the Plan that will take us there.’
**Overview**

The Political Governance and Security Programme serves to support Members in their efforts to realise the Forum Leaders’ Vision for a secure and well-governed Pacific region.

The Programme seeks to develop and promote strategic approaches to achieve and maintain security, the integrity of political governance, respect for the rule of law and the promotion and protection of human rights. The Programme does this through the provision of high-quality policy advice, coordination and implementation assistance to Members on security, political, governance, legal, human rights and law enforcement issues.

**Facilitating The Annual Forum Leaders’ Meeting**

The Programme is the focal point within the Secretariat for coordinating, in cooperation with the relevant host country, the annual meeting of Leaders of the Pacific Islands Forum and related meetings. In 2012, the Programme worked closely with the Government of the Cook Islands to organise the 43rd meeting of the Pacific Islands Forum, the Smaller Island States Leaders’ meeting, the PACP Leaders’ meeting and the Post-Forum Dialogue, in Rarotonga, Cook Islands from 28 to 30 August.

Forum Leaders held very useful discussions on various issues during their meeting, culminating in the adoption of the Leaders’ Communiqué and the Pacific Leaders’ Gender Equality Declaration at the Leaders’ Retreat in Aitutaki on 30 August 2012. Leaders commended Australia on its Pacific Gender Equality Initiative and thanked Australia for its commitment of A$320m in new funding over ten years, with the threefold objectives of increasing the proportion of women in leadership and political roles, improved economic opportunities for women through better access to finance and markets, and improved safety for women through prevention of violence and access to justice.

Forum Leaders also held very useful discussions throughout their meetings, including with H.E Madame Michelle Bachelet, Under-Secretary-General and Executive Director of UN Women on behalf of the UN Secretary General, and the United States Secretary of State, Mrs Hillary Clinton. This was the first time that a Secretary of State has participated in the Pacific Islands Forum Post-Forum Dialogue, and Leaders were appreciative of and welcomed the renewed commitment and further opportunity to work with the United States, China, Japan, the European Union, and other development partners to advance the work of the Pacific region.
Facilitating Cooperation For Regional Security

The Forum Regional Security Committee (FRSC) is the Forum’s principal meeting on regional security issues. Comprising Member countries and relevant regional and international organisations, the Committee, amongst other work, identifies common law enforcement and broader security threats; develops joint initiatives to address identified threats; and provides advice to Forum Leaders on the wide range of security issues that potentially have an impact on the Pacific region. The Committee also discusses a range of priority regional and national security issues, including consideration of work undertaken in respect of human security and conflict prevention work, human rights, nuclear and disarmament issues, regional legal cooperation and governance work, as well as reporting on Programme activities under the Forum’s Biketawa Declaration.

The Programme organised and hosted the 2012 meeting of the FRSC at the Secretariat’s Headquarters from 5 to 6 June. The Programme also hosted the annual pre-FRSC meeting of regional legal and law enforcement organisations on 24 February 2012. The function of the pre-FRSC meeting is to coordinate activities amongst the regional organisations and identify priority issues to be raised at the FRSC.

Progressing Security Priorities In 2012

Transnational and organised crime

The Programme coordinates the development of the annual Pacific Transnational Crime Assessment (PTCA). The PTCA is an analysis of current and emerging transnational and organised crime issues affecting Forum Island Countries. The PTCA consolidates information provided by regional law enforcement agencies, including the Oceania Customs Organisation (OCO), Pacific Islands Chiefs of Police (PICP), Pacific Immigration Directors’ Conference (PIDC), Pacific Transnational Crime Coordination Centre (PTCC), Pacific Islands Forum Fisheries Agency (FFA), the Secretariat of the Pacific Regional Environment Programme (SPREP) and the Secretariat of the Pacific Community Economic Development Division (SPC EDD).

The 2012 meeting of the FRSC considered the 2012 PTCA and accepted its strategic recommendation that the Secretariat coordinate the development of a National Guide to Combat Transnational Organised Crime Groups to assist Members in developing appropriate and necessary domestic policies, frameworks and processes.

Counter-Terrorism

The Programme coordinates a range of activities to assist
Members to address potential terrorism threats and meet obligations under international counter-terrorism instruments.

In 2012, the Programme, with the Government of New Zealand, co-chaired the Working Group on Counter Terrorism (4 June, Suva, Fiji). The Working Group meets annually to identify high priority counter-terrorism issues for Member countries and discuss regional capacity building activities undertaken by the Secretariat and relevant regional and international partner organisations. In 2012, most Member countries, as well as specialist organisations including the Asia Pacific Group on Money Laundering (APG) and the UN Office on Drugs and Crime (UNODC) attended the Working Group.

The Programme, with the APG Secretariat, also co-chaired a meeting of Pacific Islands Forum APG Members and Observers and providers of technical assistance and training, to discuss anti-money laundering (AML) activities, to support countries meet their international AML obligations. This meeting was held in the margins of the 15th APG Annual Meeting (17–20 July 2012, Brisbane, Australia), and resulted in the proposal for a Pacific AML Typologies Workshop to be held in 2013. The Programme also participated in a meeting, held in the margins of the APG Annual Meeting, of the newly formed Association of Pacific Islands Financial Intelligence Units to discuss options for supporting regional activities.

Small Arms and Light Weapons – Regional engagement with the Arms Trade Treaty and the UN Programme of Action on SALW

The Programme continues to coordinate regional efforts to combat the illicit trade in and use of small arms and light weapons (SALW), as mandated by Forum Leaders and the FRSC. In 2012, the Programme focused on: developing a common Forum position for UN negotiations for an Arms Trade Treaty (ATT), as requested by Forum Leaders in 2011; and supporting Members’ implementation of the UN Programme of Action on SALW (POA).

The Programme partnered with the Government of Australia and Oxfam Australia to organise a Regional Workshop on SALW and the ATT (29 February – 2 March, Brisbane, Australia). The meeting brought together representatives of Member countries, UN disarmament bodies, regional law enforcement organisations, civil society organisations and the Caribbean Community to identify ways to enhance the region’s implementation of the UN POA and commence the process of developing a common regional position on the ATT.

The Programme subsequently coordinated Members’ input to a common Forum position on the ATT. The common position was endorsed by the 2012 meeting of the FRSC and advocated by Forum Members participating in the UN Conference for an ATT (July 2012, New York, USA). The Programme represented the Forum at the UN POA Review Conference and assisted in drafting regional statements to the Conference (28 August – 7 September 2012, New York, USA). It also joined the voluntary global network of experts supporting the UN’s development of International Small Arms Control Standards (ISACS). Participation in this network will enable the Programme to provide better support to Members in accessing practical guidance on implementing global commitments to control SALW.

Regional Strategy for addressing unexploded ordnance in the Pacific

Since 2010 when the FRSC identified the widespread presence of unexploded World War II ordnance (UXO) in the Pacific as a key regional security issue, the Programme has undertaken extensive work to develop a regional UXO Strategy. The Regional Strategy, which was endorsed by the FRSC in 2012, provides strategic direction to affected Members, the Secretariat and other relevant stakeholders for identifying, mobilising and efficiently channelling technical assistance and resources for removing and mitigating the risks posed by UXO.

In line with the Strategy, the Programme provided coordination support to the Government of the Republic of Palau in hosting the first Meeting on the Implementation of the Pacific Islands Forum Regional UXO Strategy (24–26 October, Koror, Palau). It also funded the attendance of officials from four Forum Island Countries affected by UXO at the Palau meeting; developed a contact list of relevant organisations, including development partners and service providers, as a resource to assist Members access UXO assistance; and acted as liaison between Members, development partners and service providers to raise awareness about the Regional Strategy and the availability of UXO removal and management assistance.

Working Group on Strengthening Information Management

The Programme coordinates the meetings and work programme of the Working Group on Strengthening Information Management. Established by the FRSC in 2010, the Working Group fulfils the role of developing, consolidating and coordinating initiatives to strengthen national and regional law enforcement information management in Member countries.

In 2012, the Programme convened a 3-day workshop for the Working Group designed to enhance law enforcement data collection and inter-agency information and intelligence management (24–26 April, Suva, Fiji). The workshop brought together senior customs, police, immigration and fisheries enforcement officials from Forum Island Countries to explore ways for improving inter-agency cooperation,
data collection, information and intelligence management and sharing, and the use of fisheries information for wider law enforcement purposes. The Pacific Police Development Programme of the Australian Federal Police funded this workshop.

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

In 2012, the Programme continued to coordinate and fund an in-country inter-agency programme of Border Security Training, for which technical input was provided by the Department of Immigration and Citizenship of Australia (DIAC), Immigration New Zealand, OCO and PIDC. The training is directed to staff of immigration, customs, police, quarantine, civil aviation, ports and fisheries authorities, as well as airlines, to enhance the capacity of Forum Island Countries to manage their borders effectively. Three countries received the Border Security Training in 2012: Kiribati (27–29 June); Palau (29–31 October) and Cook Islands (13–15 November).

The Programme funded the attendance of officials of Forum Island Countries to participate in two regional anti-money laundering workshops held in May 2012 in Nuku’alofa, Tonga, and the Regional Document Examination and Principle Application training conducted by DIAC and Immigration NZ in September in Apia, Samoa. The Programme also attended these meetings, and delivered presentations on the regional security architecture. In addition, the Programme participated in and presented at a regional workshop on people trafficking and human smuggling organised by UNODC (25–27 September, Nadi, Fiji).

**Nuclear disarmament and related issues**
The Programme provides advice and support to the Secretary General in his role as Focal Point for the South Pacific Nuclear Weapon Free Zone Treaty (Treaty of Rarotonga). It also provides advice and coordination assistance to Members on nuclear disarmament and related issues. In 2012, the Programme coordinated the Forum’s representations to the President of the United States of America and the Secretary General of the UN on the issue of radioactive contaminants in the Republic of the Marshall Islands, consistently with Forum Leaders’ undertakings in their 2011 Communiqué. It also assisted Member countries prepare representations about the Treaty of Rarotonga in the context of preparations for the 2015 Nuclear Non-Proliferation Treaty Review Conference.

**Forum Reference Group on Sexual and Gender Based Violence**
In 2012, the Programme continued to provide advice and secretariat support to the Forum Reference Group on Sexual and Gender Based Violence. The Group was formed in 2009 to raise awareness about sexual and gender based violence in the Pacific and to make progress on the commitment of Forum Leaders to eradicate sexual and gender based violence and ensure all individuals have equal protection of the law and equal access to justice.

The Group comprises senior officials from Member countries and regional and international organisations, as well as representatives from civil society organisations. In 2012, the Group undertook missions to three countries: Kiribati (7–10 May), the Republic of Marshall Islands (23–26 October) and the Federated States of Micronesia (29 October – 1 November). The Group met with a broad range of stakeholders in each country and offered high-level advice and recommendations for addressing sexual and gender based violence.
PIFS – CSO Dialogue on Conflict, Peace and Security Issues

Following a direction from the FRSC in 2009, the Programme established a process for strengthening engagement with civil society organisations (CSOs) on conflict, peace and security issues, being a biannual Dialogue between CSOs and Forum and Secretariat officials. The Dialogue provides an opportunity for CSOs to raise issues and inform policy-making through the FRSC process. The Dialogue also enables Forum and Secretariat officials to learn about contemporary and emerging issues that CSOs are addressing and that may be of relevance to the FRSC. In 2012, the Programme convened two sessions of the PIFS–CSO Dialogue (4 May and 14 December, Suva, Fiji).

Human Security Framework

In 2012, the Programme finalised the development of the Forum’s Human Security Framework for Conflict Prevention in the Pacific. The development of the Framework was directed by the FRSC in light of the Committee’s increasing interest in addressing human security issues, such as sexual and gender based violence and the role of youth in conflict prevention.

The aim of the Framework is to provide a common foundation and strategic guidance to Members, the Secretariat and other stakeholders for improving the understanding, planning and implementation of human security approaches in stand-alone and broader peace, security and development initiatives in the unique Pacific context. The Framework was endorsed by Forum Leaders at their 2012 meeting in Rarotonga, Cook Islands.

Supporting regional measures under the Biketawa Declaration

The Programme provides policy advice and support to Members about the Biketawa Declaration. The Biketawa Declaration commits Forum Members to guiding principles on good governance and for the prevention of regional security crises and also sets out processes that the Forum can initiate during a crisis in one its Members. Current measures under the Biketawa Declaration include the Regional Assistance Mission to the Solomon Islands and the Ministerial Contact Group on Fiji. Forum election observing missions to national elections in Member countries are also conducted under the auspices of the Biketawa Declaration (no election observing missions were undertaken in 2012).

Forum Ministerial Contact Group on Fiji

In 2012, the Programme coordinated and provided advice to the meeting of the Forum Ministerial Contact Group (MCG) on Fiji, which is the Forum’s high-level mechanism for engaging Fiji and encouraging its return to parliamentary democracy. The MCG – which comprises Foreign Ministers from Australia, New Zealand, Papua New Guinea, Samoa, Tuvalu and Vanuatu – convened in Suva from 30 April to 1
May and met with key senior government representatives and officials, officials and representatives from civil society organisations, trade unions and political parties. The MCG discussed developments in Fiji and welcomed assurances from Fiji that there was a process under way for free and fair elections by September 2014, an open constitutional consultation process with no media restrictions and that there would be no parliamentary seats reserved for the military.

The MCG’s report was submitted to and considered by Forum Leaders at their meeting in Rarotonga, Cook Islands. As noted in the 2012 Leaders’ Communiqué, Leaders reaffirmed the Forum’s ongoing work to encourage and support Fiji’s return to parliamentary democracy and noted progress made in 2012 towards elections in September 2014, including voter registration and the establishment of the Constitution Commission. The Programme will continue to provide advice and assistance to Members in relation to the Forum Leaders’ offer to support Fiji’s early return to parliamentary democracy, including through the provision of appropriate assistance, consistent with the Forum’s underlying principles and values of respect for democracy, good governance and the rule of law.

Regional Assistance Mission to Solomon Islands
The Regional Assistance Mission to Solomon Islands (RAMSI) was initiated as a regional response under the Biketawa Declaration to the request by the Government of Solomon Islands for assistance to restore law and order and security in Solomon Islands. The Pacific Islands Forum provides political oversight for the Mission, acting on advice from the Forum Ministerial Standing Committee on RAMSI. The Forum Secretariat also deploys a Forum Representative to Solomon Islands, which position is supported by the Programme.

In 2012, the Programme and the Forum Representative to Solomon Islands provided advice and coordination assistance to convene the 2012 meetings of the 8th Enhanced Consultative Mechanism (ECM) on 16 May and the 6th Forum Ministerial Committee (FMSC) on RAMSI on 18 May in Honiara, Solomon Islands. The ECM and FMSC, comprising representatives of the Forum troika made up of past, present and incoming countries of the Forum Chair, discussed the work of RAMSI in the preceding 12 months, the outcomes of which were reported to the Forum Leaders at their meeting in Rarotonga. At their meeting, Ministers commended the strong leadership and commitment of the Solomon Islands Government (SIG) and RAMSI in working together to ensure lasting benefits for the people of Solomon Islands.

Forum Leaders acknowledged the solidarity and cooperation of the Forum under RAMSI, which contributed to the achievements of RAMSI, including the planned withdrawal of the military component of RAMSI in the second half of 2013. Leaders noted that the RAMSI Participating Police Force would need to continue to support the Royal Solomon Islands Police Force, and also noted the transition of assistance under RAMSI’s three development pillars to bilateral development assistance from 1 July 2013.

In 2012, the Forum Representative to Solomon Islands – a member of the Triumvirate that monitors the development activities of RAMSI – held monthly meetings with the Special Coordinator of RAMSI and the SIG Permanent Secretary for RAMSI, including regular briefings with the Governor General, Cabinet Ministers and members of the Opposition. The briefings provided opportunities to highlight the activities of RAMSI and also obtain assessments by Solomon Islands’ officials on the impact and effectiveness of RAMSI programmes.

The Programme in 2012 provided funding for RAMSI and the SIG to undertake a series of high-level ‘Dovetail Dialogues’ consultations designed to ensure the smooth transition of programmes from the SIG-RAMSI Partnership Framework to the Partnership for Development arrangement by July 2013. The consultations included RAMSI advisers and SIG permanent secretaries of key agencies involved in the transition process.

Supporting Forum Island Countries’ engagement with human rights treaties and the Universal Periodic Review
The grant contract agreement between the Forum Secretariat and the EU was signed in February 2012 for an EU–PIFS project, ‘Assistance towards increasing the rate of Pacific Island Countries’ Ratification and Implementation of Human Rights Treaties’. This funding assistance to the value of €1 million was provided specifically to support the key strategic objectives of Initiative 12.5 of the Pacific Plan in respect of, and where appropriate, ratification and implementation of, international and regional human rights conventions, covenants and agreements; and support for reporting and other requirements.

The Forum Secretariat, through the Political Governance and Security Programme, coordinates the implementation of the project together with the Secretariat of the Pacific Community Regional Rights Resource Team and the Office of the High Commissioner for Human Rights. The implementation period for this project is thirty-six months (three years).

Under the project, in 2012, the Programme assisted Tuvalu and Tonga with national consultations to prepare national reports for those States’ appearances before the UN Human Rights Council under the Universal Periodic Review. It also assisted Tuvalu with developing its national report under the UN Convention for the Elimination of All Forms of Discrimination Against Women and provided...
advice to Tuvalu and Samoa on the ratification and implementation of the UN Convention on the Rights of Persons with Disabilities.

The Programme participated in major regional meetings addressing human rights issues, including: the Forum Ministerial Meeting on Disability (3–4 October, Port Moresby, Papua New Guinea); the Regional Meeting for Members of Parliament Training on Human Rights (16–20 July, Brisbane, Australia); the Regional Meeting for Lawyers Training on Human Rights (29 October – 2 November, Nadi, Fiji); and the International Justice for All? – The International Criminal Court Ten Year Review Conference (13–17 February, Sydney, Australia).

In 2012, the Programme initiated internal human rights training for Secretariat staff. The four-day intensive course run by the Programme’s Human Rights Adviser sought to raise staff awareness of the human rights implications of a broad range of regional policies and activities and encouraged the mainstreaming of human rights considerations.

**Promoting regional cooperation in the legal sector**

Consistent with the Forum’s long-standing recognition of the importance of national legal frameworks to underpin the implementation of a broad suite of regional policies, the Programme works in various ways to support Members in the development and drafting of legal frameworks on matters of regional concern.

While direct drafting assistance could not be provided to Forum Island Countries in 2012 because the Programme’s Legislative Drafting Officer post was vacant, the Programme focused on facilitating training and professional networking opportunities for legislative drafters in Forum Island Countries.

Recognising that there are few opportunities for legislative drafters in the Pacific to come together to exchange information about their professional challenges and professional development needs, the Programme convened a meeting of the Pacific Legislative Drafters’ Technical Forum and funded the attendance of government lawyers from Forum Island Countries to attend the meeting (23–25 July, Suva, Fiji). Parliamentary counsel, senior legislative drafters and senior government lawyers attended the Drafters’ Forum from most Member 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 and/or reform. Delegates developed a Regional Action Plan for furthering the goal of Forum Island Countries having ‘ready access to high quality legislative drafting services’. At the 2012 annual meeting of the Pacific Islands Law Officers’ Network (PILON), members agreed to support national and regional efforts to implement the strategies outlined in the Regional Action Plan.

In 2012, the Programme funded 6 government lawyers from Forum Island Countries to undertake the University of the South Pacific’s Professional Diploma in Legislative Drafting. The Programme also liaises closely with other regional legal networks and in 2012 participated in the meetings of: the Pacific Prosecutors’ Association (11–13 July, Honiara, Solomon Islands); PILON (29–31 October, Kokopo, Papua New Guinea); and the Pacific Judicial Conference (6–8 November, Honiara, Solomon Islands).

**Supporting regional good governance initiatives**

The Programme provides coordination, liaison and policy advice in relation to activities identified under the Good Governance Pillar of the Pacific Plan. In 2012, the Programme’s work in the good governance field focused on strengthening democratic and accountability mechanisms.

The Programme collaborated with the Commonwealth Secretariat to convene the Regional Workshop on Democratic Institutions (27–29 February, Brisbane, Australia). The Workshop brought together a diverse range of influential people – including a former President and three former Prime Ministers of Forum Island Countries – to discuss the challenges facing democratic governance in the Pacific. The deliberations continue to inform the work programmes of the respective Secretariats on leadership issues.

In conjunction with the Commonwealth Pacific Governance Facility (CPGF) and the Pacific Ombudsman Alliance (POA), the Programme provided technical assistance to the Government of Niue in identifying and drafting leadership values and ethical standards for elected leaders in Niue. The Programme presented on the Forum Principles of Good Leadership in consultations held in Niue (26–28 November, Alofi, Niue) and assisted officials in developing options for ways in which Members of the Niue Legislative Assembly can promote good leadership through the introduction of a Code of Conduct for MLAs. (The Cabinet and the Legislative Assembly subsequently approved the recommendations in 2013.)

**Advancing partnerships**

The Programme continues to maintain and expand the Forum’s partnerships with other regional, intergovernmental and international organisations, including the United Nations and the Commonwealth. In 2012, the Programme coordinated the participation of the Secretary General in the General Debate of the 67th session of the UN General Assembly (September 2012, New York, USA) and in close collaboration with relevant Programmes of the Forum Secretariat and other regional organisations, coordinated...
briefings for the Forum Chair, the Hon. Prime Minister of the Cook Islands, and other Forum Leaders attending the UN General Assembly.

The Programme also represented the Forum at international meetings addressing governance and security issues including: the 2nd High Level Meeting of the Inter-Regional Dialogue on Democracy, hosted by ASEAN and International IDEA (30 April – 1 May, Jakarta, Indonesia); the Asia-Pacific Centre for Security Studies Workshop on ‘The Environment and Security in the Pacific Islands Region: Priority Risks, Challenges, and Actions for a Secure Future’ (5–10 August, Honolulu, USA); and the Inter-Regional Workshop on Regional Organisations and Inclusive Political Participation and Representation (23–25 October, New York, USA).

In recognition of the Forum Leaders’ consideration and support at their 2012 meeting for disaster response law guidelines developed by the International Federation of the Red Cross and Red Crescent Societies (IFRC), the Programme worked with the IFRC to convene the ‘Pacific Preparedness: Strengthening Laws and Partnerships Pacific Regional Workshop’ (22–23 November, Nadi, Fiji).

**Advising on institutional and legal issues**

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

In 2012, the Programme advised on various issues in relation to the regional treaties, including providing advice and legal review on the development of the Pacific Island Countries Trade Agreement Protocol on Trade in Services. The Programme also assisted Forum Island Countries seeking to ratify the 2005 Agreement Establishing the Pacific Islands Forum. In 2012, two more Member countries – Solomon Islands and Vanuatu – ratified the Agreement.
STRATEGIC PARTNERSHIPS AND COORDINATION
The Pacific Plan

When Leaders first endorsed the Pacific Plan for Strengthening Regional Cooperation and Integration at their annual meeting in Madang in October 2005, they declared their intention for the Plan to be a living or evolving document, and to be subject to an independent, comprehensive review every three years. The first independent review of the Plan was conducted in 2009.

Preparation for and management of the second review – labelled ‘Pacific Plan Review 2013’ – was a major focus for the Pacific Plan Office in 2012. The Forum Secretariat, through a consultative process in early 2012, developed Terms of Reference for the Review and the Pacific Plan Action Committee (PPAC) reviewed and endorsed them at their 2012 annual meeting. At their September 2012 meeting in the Cook Islands, Leaders approved the Terms of Reference and agreed ‘to the importance of the Review and that it would be led by Sir Mekere Morauta of Papua New Guinea’ (Forum Communiqué 2012, paragraph 7).

While respecting the Review’s independence, the Pacific Plan Office has played a significant role in supporting the Review, including by: enhancing Member country and development partner awareness and understanding of the Review (such as through the production of relevant background materials, by conducting meetings and country visits, and by establishing an online portal for Review information); managing the selection of consultants and country officials to work on the Review Team with Sir Mekere Morauta; supporting the production of written submissions, background research, and analysis; and facilitating meetings and consultations. The Pacific Plan Office coordinated initial consultations for the Review in Suva in December 2012, during which time the Team developed their methodology and a workplan for 2013.

In early 2012, work was undertaken with CROP Executives to update the Pacific Plan’s current priorities, which were last set through the 2009 medium-term framework. However, at their annual Forum the Leaders opted to retain the 2009 priorities pending the outcome of the Pacific Plan Review, which may lead to changes in the structure and implementation of the Plan. In the interim, it has been important to continue to monitor progress against existing priority areas. Throughout 2012 the Pacific Plan Office facilitated the practice of reviewing relevant Pacific Plan priority areas through established regional meetings, in line with the performance framework endorsed by the

*With the endorsement of their country’s governments, two Pacific Island representatives—Mrs Peseta Noumea Simi from Samoa, and Mr Redley Killion from the Federated States of Micronesia—were selected for the Review Team. The Forum Secretariat also contracted two consultants—Mr Peter Bazeley from the United Kingdom, and Dr Nick Poletti from New Zealand—to provide analytical support on the Team.*
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PPAC in 2011 and commended for initial progress at their 2012 meeting. Ongoing reporting from Smaller Island State and Pacific Plan desk officers was also supported, and informational pamphlets on the Pacific Plan were produced to assist these desk officers in their in-country awareness-development work, particularly in the lead-up to the Review.

During 2012 notable progress was made in developing Forum Secretariat relationships with civil society and private sector organisations through the work of the Non-State Actor Liaison officer. Non-state actor participation in the policy development process was actively encouraged, including participation in relevant regional meetings, and a programme for further non-state actor support was developed with the European Union (EU). The EU endorsed the initial proposal for this programme in late 2012, and expects the programme details to be finalised and initial implementation to begin in 2013.

The Forum Secretariat plans to coordinate this programme and other cross-Secretariat work with non-state actors through a special working group, which should help support robust and inclusive policy development processes.

The Cairn's Compact on Strengthening Development Coordination in the Pacific (the “Forum Compact”)

The Forum Secretariat in 2012 continued to work closely with FICs and development partners to implement the Forum Compact through its five key initiatives of: i) annual tracking of regional progress towards the MDGs; ii) peer review of FICs’ systems of planning, budgeting, public financial and aid management; iii) annual development partner reporting; iv) implementing the PFM Reform Road Map; and v) convening the annual Private Sector High Level Dialogue with Forum Leaders.

The efforts of the Forum Secretariat, FICs and development partners and their progress in strengthening development coordination through these initiatives was reported to the Forum Leaders through the two main Forum Compact reports: i) the 2012 Regional MDGs Tracking Report; and ii) the 2012 Tracking the Effectiveness of Development Efforts in the Pacific Report

2012 Regional MDGs Tracking Report

The Programme continued to work with the MDGs Technical Working Group to produce the 2012 Pacific Regional MDGs Tracking Report. The TWG consisted of ADB, AusAID, SPC, UNDR, UNESCAP and UNFPA, as well as country representatives from PNG and Tonga. The 2012 Regional MDGs Report was the third annual report produced under the Forum Compact. The theme for the 2012 Report was ‘Poverty’ and it contained a detailed multi-dimensional assessment on MDG 1 (Eliminate extreme poverty and hunger).

A new feature of the report was the inclusion of country profiles for all the Forum island countries. These country profiles provided a snapshot of progress towards each of the MDGs, building on the country statistical annexes of the previous reports.

The central message for the Forum Leaders in the 2012 Regional MDGs Report is that with 3 years remaining to the 2015 deadline, the need for a more concerted effort to accelerate progress is urgent. Governments, with the support of development partners, CSOs and the private sector, need to build upon, sustain or scale up relevant...
intervention strategies. However, the 2012 Regional MDGs Report notes that the catalyst for progress will have to be strong political leadership and resolve.

With the MDGs set to reach their deadline in 2015, global discussions on the post-2015 agenda gained momentum in 2012. At the same time, the Rio+20 Summit launched a process to develop a set of sustainable development goals (SDGs). In recognition of these important discussions, Forum Leaders at their annual meeting in the Cook Islands mandated the Secretariat, in collaboration with CROP and the UN system, to build a Pacific position on the post-2015 agenda and SDGs. An important related global process called for at the Rio+20 Summit, was the convening of a Third International Conference on the Sustainable Development of Small Island Developing States (SIDS) in Samoa, 1–4 September 2014. One of the objectives of this conference is to identify priorities for consideration in the elaboration of the post-2015 development agenda.

Consequently, the Programme facilitated discussions on the post-2015 agenda and SDGs at the Disability Forum Ministers’ Meeting and with UNESCAP and UNDP convened the Pacific’s first consultation workshop on the post-2015 agenda and SDGs in October 2012. In addition, the Programme supported member countries, and advocated for emerging Pacific perspectives at several Asia Pacific regional meetings on the post-2015 agenda and contributed to the global post-2015 thematic consultations on ‘Inequalities’ through a joint paper with SPC on ‘Addressing Inequalities – the Case of SIDS in the Pacific’. In addition, through the Sustainable Development Working Group, the Programme facilitated the drafting of a series of sustainable development briefs to assist with the Pacific’s preparations for the SIDS Conference, as well as contributing to discussions on the post-2015 agenda and SDGs.

2012 Tracking The Effectiveness Of Development Efforts Report – Celebrating Progress, Pursuing The Challenges

The 2012 Tracking the Effectiveness of Development Efforts report celebrated the good progress in the region on strengthening national institutions, systems and policies for improved use and management of both domestic and ODA resources. The report noted positive trends in increasing budget support across some FICs, more political commitment to public sector and public financial management reforms, increasing attention to strengthening integrated planning and budgeting (including ODA) and improving aid management capacities in managing missions and aid fragmentation. The report called for intensified efforts and attention to addressing remaining challenges such as: human resource capacity issues across FICs especially the Smaller Island States; still relatively low levels of use of country financial management systems; and high transaction costs due to the high number of projects and missions across most FICs.

The Forum Secretariat coordinated the implementation of four peer review processes in 2012 in the Republic of the Marshall Islands (RMI), Tonga, Papua New Guinea (PNG) and the Federated States of Micronesia (FSM). Five FIC countries participated as peer reviewers in 2012 – the Cook Islands, RMI, Samoa, Solomon Islands, and Vanuatu, with the UN system and New Zealand representing development partners on the teams. Follow up visits were completed for Tuvalu and Niue (country profiles and progress reports were completed for Nauru, Kiribati and Vanuatu). A progress report noting good progress, remaining challenges and next
steps for the first 5 peer review host countries’ was produced and annexed to the 2012 Tracking the Effectiveness of Development Efforts Report. The Forum Secretariat secured the commitment of the last four remaining FICs – Palau, Solomon Islands, Samoa, and Cook Islands – to complete peer reviews by the end of 2013.

The Secretariat continued to facilitate annual reporting by development partners, focusing on a smaller set of indicators on improving predictability of ODA, and minimising aid fragmentation. Development partners have made positive progress to improve coordination of their efforts and improve predictability of their assistance to FICs, albeit at a slow rate and unevenly across development partners. Delegating authority, joint programming and joint policy matrices were good practices increasingly promoted by development partners in FICs like Samoa, Solomon Islands, Tonga, and Tuvalu. Low use of country systems, mission management and continuing projectisation of significant ODA remain ongoing issues of concern for FICs. To enhance development partner reporting, the 2012 Pacific Island Countries and Development Partners (PIC/Partners) Meeting recommended that the Secretariat develop a process of peer reviews for development partners. This will be a significant addition to the work of the Secretariat; it will, however, provide for more substantive evidence-based learning and policy recommendations on improving development partner assistance to FICs.

In support of the changes to the global development cooperation architecture and the establishment of the Global Partnership for Effective Development Cooperation following the 2011 Busan High-Level Forum on Aid Effectiveness, the Secretariat facilitated and secured a seat for the Pacific on the newly formed multi-stakeholder Steering Committee of the Global Partnership. Samoa was confirmed as the Pacific’s representative and through their advocacy reflected the Pacific’s progress in localising the Busan commitments through existing work under the Forum Compact and promoting regional platforms as important to supporting national-level efforts.

Similarly to 2011, the Programme continued to invest in communicating the progress and remaining challenges for the region in achieving the MDGs and strengthening development coordination. In addition to the publication of the two main Forum Compact reports for the Leaders, the Synthesis of Development Partner Reporting on Aid Effectiveness in Forum Island Countries report and six past peer review reports (Nauru, Kiribati, Vanuatu, Tuvalu, Niue, and including RMI) were published and released at the Forum Leaders 2011 Meeting in Cook Islands, including an updated Pacific Peer Review DVD and the Progress Report on the first five Peer Review Countries.

Relations with Partners
The Pacific Island Countries and Development Partners (PIC/Partners) Meeting continues to provide a forum to foster and promote regional dialogue between Forum members, all active development partners in the region and civil society representatives. In view of the composition of this annual meeting, a range of development issues was considered in 2012, including the two main regional tracking reports on the MDGs and the effectiveness of development efforts in the Pacific; outcomes of the UNCSD Rio+20 conference; climate change financing; gender dimensions in strengthening development coordination; infrastructure and engagement with CSOs and the private sector.

Post Forum Dialogue
The fourteen current partners are Canada, the People’s Republic of China, the European Union, France, India, Indonesia, Italy, Japan, the Republic of Korea, Malaysia, the Philippines, Thailand, the United Kingdom and the United States. The Forum Secretariat commissioned a
review of the Post-Forum Dialogue process, following the directive of the Forum Leaders for a reassessment of its arrangements and the criteria for membership. The 2006 Forum Leaders’ Meeting considered the report and its recommendations, and work towards improving the quality of dialogues continues.

A review of existing PFD Partners was called for by Forum members and undertaken in 2012. Nine PFD Partners submitted Reassessment Reports for consideration of FOC and Leaders. In their 2012 Communiqué, Leaders reaffirmed all existing PFD Partners remain strategic allies for the Forum through the PFD mechanism, and encouraged all PFD Partners to participate in this regular reporting process on a 3-yearly basis, which will be aimed primarily at maintaining up-to-date and improved information on PFD Partners available through the PIFS website.

In 2012 the Secretariat supported three high-level bilateral meetings between Forum members and PFD Partners: i) the 6th Pacific Islands Leaders Meeting (PALM6) with Japan, 26 May 2012; ii) the 2nd EU and PIF Troika Ministerial Meeting held in Auckland on 12 June 2012; and iii) a high-level inter-sessional Senior Officials’ Meeting, September 2012, as the follow-up to the Republic of Korea–Pacific Islands Foreign Ministers three-yearly meeting established in 2011.

DEVELOPMENT FUND MANAGEMENT

The Programme is also responsible for facilitating and convening the annual Taiwan/ROC-Forum Countries Dialogue, which serves as an opportunity for Forum countries with established diplomatic relations with Taiwan/ROC to consider annual policy priorities and issues of mutual and strategic interest with the government of Taiwan. The annual dialogue is also an opportunity for the announcement of Taiwan/ROC annual contribution to the region. The Programme continued to manage funds provided by development partners:

Taiwan/Republic of China Regional Development Assistance

The Secretariat continues to manage and administer the operations of the Taiwan/ROC Scholarship Scheme, including pastoral care to the students. In July 2012 eleven applicants were selected to begin studies in Semester 2, 2012. Pending receipt of a placement offer letter from a tertiary institution, five students resumed studies in Semester 2, 2012. An Exchange of Letters signed between the Secretariat and Taiwan/ROC formalised a grant of US$500,000 for the continued implementation of the scholarship scheme in 2011/2012.

To ensure the predictability of funding and implementation of the scholarship scheme, the Secretariat continues to liaise and consult with the government of Taiwan/ROC on securing a multi-year funding agreement programme.

The Secretariat also continued to manage the Taiwan/ROC Regional Development Assistance (RDA) programme, the objective of which is to provide support to CROP agencies towards existing or new regional development projects. At the 2012 Taiwan/ROC–Forum Countries Dialogue a total funding assistance of US$500,000 was announced as co-funding to eleven regional projects implemented by seven CROP agencies.

Caption Forum DSG, Mr Feleti Teo (far right) at the commissioning ceremony in Kadavu.
Republic of Korea Development Cooperation Fund
The Secretariat administered the Republic of Korea–Pacific Islands Forum Development Cooperation Fund under a multi-year Memorandum of Understanding (2011–2013) signed between the Republic of Korea (ROK) and the Pacific Islands Forum Secretariat (PIFS) to support training and capacity building programmes in primary health care and education in Forum Island Countries. The fund supported regional capacity building and training of primary health care practitioners through a technical partnership between the Fiji National University’s College of Medicine, Nursing and Health Sciences and the Seoul National University Hospital (SNUH).

The Secretariat will continue to consult with ROK and Forum Island Countries to discuss the new funding cycle, including funding modality and key focus areas that will benefit all Forum Island Countries.

People’s Republic of China – PIFS Scholarship Scheme
The Pacific Islands Forum Secretariat continued to receive scholarship awards for the academic year 2012/2013 from the People’s Republic of China through the China Scholarship Council (CSC). As has been usual practice over the years, PIFS circulated an official circular to all its official contacts in member countries calling for applications for the scholarship. At the end of the closing date as set out in the official circular, a total of twenty-one (21) applications had been received from member countries, a marked increase over the number of applicants in previous years. This no doubt shows the rise in interest in the scholarship but may also be attributed to the manner in which it was publicised through the PIFS website.

The applications were entered into the usual assessment matrix and ranked using the ranking criteria. The ten successful applicants were selected taking into consideration the spread of the scholarships amongst the member countries. In the administration of the scholarship, a few challenges were experienced, especially in relation to visa applications for students from countries where there is no Chinese Embassy, such as Kiribati. However, as in previous years, PIFS managed to provide support to students in getting to countries where there is a Chinese Embassy to lodge their visa applications, enabling them to travel to China for their studies.

Pacific Environment Community (PEC) Fund
Each Forum Island Country was provided with an allocation of 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.

Throughout 2012, the Programme continued to work closely with members to facilitate the submission of their PEC Fund proposals and assist countries move toward project implementation. A notable milestone for the PEC Fund in 2012 was the commissioning of the first PEC Fund-supported project in the Pacific for ‘Fiji’s 1,000 Solar Home Systems Project’ in the village of Matasawalevu on Fiji’s island of Kadavu.

Financing Agreements were signed with seven (7) FICs to support eight (8) projects, including; solar photovoltaic grid connected projects for Federated States of Micronesia, Kiribati and Niue; two (2) projects were approved for Fiji, including a project for solar home systems and another for salt-water desalination; solar powered desalination system projects for Palau and Republic of Marshall Islands; and a solar home system project for Solomon Islands. In-country support was provided by the PEC Fund Project Management Unit (PMU) in four (4) FICs to keep moving the development and finalisation of project proposals.

Projects approved in 2011 continued to make significant progress during 2012; Cook Islands completed a feasibility study, environmental impact assessment (EIA), solar system design and initiated its tender process to procure the solar equipment for their project on the island of Rakahanga; Nauru completed an EIA, solar desalination system design, trained local technicians on the use of the systems, and procured and completed a majority of the installations in 2012; Samoa carried out a Feasibility Study, EIA, system design and specifications of major components, completed a tender process for the supply and installation of their solar photovoltaic grid connected system; Tuvalu completed an EIA, solar desalination system design, trained local technicians on the use of the systems, and procured and completed a majority of the installations in 2012.

Project proposal development continues to make progress; Cook Islands submitted its second proposal for a solar system project proposal for consideration; Vanuatu is finalising their solar powered salt-water desalination plant proposal; Tonga and Papua New Guinea continued with the drafting of their proposals.

Social Policy

Even though the work of the Programme in the social policy sector continued to focus on general education, promoting
the rights and inclusion of persons with disabilities, there was an increased level of commitment by Forum Leaders through the Leaders’ Gender Equality Declaration on protection, promotion and empowerment of women for full participation in all facets of national development. Partnerships with SPC, WHO and UNICEF in promoting developments in the health sector as well as disability coordination and gender promotion activities have also been strengthened.

The Social Policy Unit with support from AusAID and other CROP and international agencies convened a regional workshop in Nadi, Fiji in March 2012 to consult on and discuss the development of a regional Education Management Information System (EMIS) to capture, store and analyse education data in the region. The meeting agreed on a way forward to develop the regional EMIS for consideration by Forum Education Ministers together with the monitoring and evaluation framework for the Pacific Education Development Framework (PEDF).

At the Forum Education Ministers Meeting (FEdMM) held in Port Vila, Vanuatu in May 2012 they considered and endorsed the Monitoring and Evaluation Framework for the PEDF and EMIS Proposal. In their deliberations on the M&E Framework, Ministers called on development partners for a stronger assessment of progress and achievement in Pacific education. Throughout 2012, discussions with other partners and the CROP HRD Working Group have focused on the development of indicators and the conduct of the research on Pacific education. In conjunction with the development of the M&E Framework has been the consultation on the setting up of a regional database to capture and store regional education data. PIFS is working closely with SPC in this respect through its Statistics Programme.

The Disability Programme continued the implementation of the Action Plan of the Pacific Regional Strategy on Disability (PRSD) in partnership with its partners. Of special significance is the partnership with the Pacific Disability Forum (PDF) in coordinating country-level activities to ensure the participation of non-governmental organisations (NGOs) and civil society organisations (CSO) in national policy discussions and development. A second tranche of funds was released from AusAID as part of its overall funding for the PRSD in 2012.

The second Forum Disability Ministers Meeting (FDMM) was convened in Papua New Guinea in October 2012. Ministers were presented with a progress report on the implementation of the PRSD that they endorsed in 2009. Country reports during the meeting show an increasing awareness of disability issues across the region, and enhanced political will to ensure policies and development plans are disability-inclusive.

Also at the 2012 FDMM, Ministers unanimously agreed that it is necessary to include disability issues in the global discussions on the Post-2015 Development Agenda and Sustainable Development Goals; and called for disability
inclusive development targets and indicators to be included in the Post-2015 Development Agenda and Sustainable Development Goals. In this respect a letter was drafted by the Forum Secretariat and signed by the FDMM Chair, which was forwarded to the co-facilitators of the UN High Level Meeting on Disability to be held at the UN Headquarters in September 2013.

The Secretariat’s gender programme continued to develop response strategies to barriers to women’s access to economic opportunities and decision-making processes. The Secretariat worked with the governments of the Republic of Marshall Islands and Nauru on Women’s Economic Empowerment Plans under funding support from UN Women (Small Island States Catalyst Funds). There are plans for the Forum Secretariat to implement similar women’s economic empowerment mainstreaming and policy development projects in the remaining small island states, though this is subject to availability of funding in 2013. The adoption of Women’s Economic Empowerment action priorities by Economic Ministers in July 2012 (FEMM 2012) strengthened regional and national political commitment and will towards implementing measures to improve women’s economic empowerment in the region.

The Pacific Leaders’ Gender Equality Declaration was announced at the Pacific Islands Forum in August 2012 in Rarotonga, Cook Islands. It brought new determination and invigorated commitment to efforts to lift the status of women in the Pacific and empower them to be active participants in economic, political and social life. Leaders expressed their deep concern that despite gains in girls’ education and some positive initiatives to address violence against women, overall progress in the region towards gender equality is slow. In particular, Leaders are concerned that women’s representation in Pacific legislatures remains the lowest in the world; violence against women is unacceptably high; and women’s economic opportunities remain limited.

Leaders agreed that progress on the economic, political and social positions of women should be reported on at each Forum Leaders meeting. They directed the Forum Secretariat, with the support of the Secretariat of the Pacific Community and Development Partners, to develop, as part of the Pacific Plan performance-monitoring framework, an annual report to Leaders on country progress in implementing the above commitments and moving towards achieving greater gender equality. To mark the end of 16 days of Activism on Ending Violence Against Women and in celebration of women’s human rights on International Human Rights day, 10 December, the Secretary General Tuiloma Neroni Slade launched the Leaders’ Gender Equality Desk Calendar 2013, which reminds the region of the leaders’ gender commitments. Policy advice and advocacy towards implementation of the declaration continued as the year ended.

**SMALLER ISLAND STATES ISSUES (SIS)**

The Forum Secretariat continues to prioritise and ensure that the special interests and development challenges facing Smaller Island States (SIS) are being specifically catered for. In acknowledgement of the unique and exceptional challenges facing the SIS, the Programme has continued to implement SIS Leaders’ decisions to develop
new tourism initiatives; increase assistance through the SIS Development Fund; and advocate for the special needs of Smaller Island States in addressing the threats from climate change, their limited absorptive capacity, and ways to maintain and sustainably conserve their fragile and vulnerable environments.

In 2012, the SIS Programme Unit continued to give effective support to SIS members through country visitations, consolidation of their short- to medium-term measures for dealing with the development needs and improvement of processes for providing direct responses to those needs and implementing appropriate response mechanisms. The SIS Desk officers continued to provide the crucial link between the Secretariat and SIS member countries. The SIS Unit through annual planning and training workshops continued supporting and building the capacity and ability of SIS Desk officers to conduct their work effectively at the national levels. The desk officers were instrumental in producing 2012 Pacific Plan Annual reports for their respective countries.

The SIS Programme officer visited some of the Smaller Islands States to support members in their SIS and Pacific Plan Information Day, when government and civil society representatives discussed and reviewed Pacific Plan’s benefits to their respective countries and made recommendations on ways to improve regional responses to the specific development challenges and needs of SIS members. The SIS Pacific Plan Day provided the opportunity to continue advocating on the most important roles and responsibilities of the Pacific Plan desk officers, ensuring that SIS members fully benefit from the Pacific Plan and the available assistance from the Forum Secretariat and the CROP agencies. The SIS Programme Unit together with the respective SIS Governments and civil society identified short-term priorities to be addressed by the Unit through their integration into the SIS Development Fund. The Programme continued to advocate for SIS issues and facilitate partnerships with CROP agencies through the coordination of technical assistance across CROP programmes. These included: support to the Government of Tuvalu in their development partners meeting and the Kiribati development partners forum; collation of transportation (shipping and aviation) data and collaboration with SPC on work related to both the Central Pacific Shipping Commission and the sub-regional airline issue affecting the four SIS members (Nauru, RMI, Kiribati, and Tuvalu); addressing the threats of climate change; climate change financing; activities focused on renewable energy for SIS; and the need to engage development partners into increasing support and assistance for the SIS Development Fund. SIS continued their considerable support to the implementation of the Forum Compact work and peer review recommendations through follow-up visits to Nauru, Kiribati, Tuvalu, and Niue.

SUSTAINABLE RESOURCES MANAGEMENT

The newly established Natural Resources Programme found its footing in 2012 through a ‘baptism of fire’ as the region, and the rest of the international community, prepared for the much heralded UN Conference on Sustainable Development, or Rio+20 as it is popularly
known. Strong regional interest in Rio+20 was supported through the PIFS’s engagement in the UNDESA-led Inter Agency Consultancy Group and the CROP Sustainable Development Working Group (SDWG) who spear-headed the development of Rio+20 briefing materials for Forum Island Members. The Natural Resources Programme’s primary engagement at Rio+20 focused on supporting the Secretary General in his capacity as Ocean Commissioner to promote the Ocean as a central and crucial development determinant for the region through a series of side-events and high-level engagements.

In a related initiative, stemming from the recognition of SIDS as a special case at the original Earth Summit in 1992, PIFS joined a Technical Advisory Group (TAG) that is charged with developing a monitoring mechanism for the Mauritius Strategy of Implementation (MSI). This TAG was drawn together by UNDESA in 2012, the leaders in efforts directed at the development of a Vulnerability–Resilience Profiling (VRP) tool that will help SIDS to measure their progress with moves toward the implementation of the 19 thematic areas of the MSI. The TAG meeting in Mauritius in September started on further refinement of key components of the VRP tool. Further meetings of the Group are planned for 2013 in the hope that the VRP system may be ready for showcasing at the 3rd International Conference on SIDS that will take place in Samoa in 2014.

A further key area of engagement for the Natural Resources Programme has revolved around supporting the region’s engagement in the fledgling Global Partnership for Oceans (GPO) which was officially launched by the UN Secretary General at Rio+20 in June 2012. With over 120 partners on board, including several CROP agencies, five Forum Island Countries, and numerous civil society and industry practitioners, the GPO is shaping up to be a major initiative to foster global collaboration and action for the effective management and conservation of the Planet’s oceans and seas.

PIFS’s ongoing engagement in the CROP MSWG (Marine Sector Working Group) has also been instrumental in helping drive the work of the Ocean Commissioner, which is a position established under the umbrella of the Pacific Oceanscape Framework. In the absence of a dedicated support unit, the MSWG is charged with helping promote and implement the Oceanscape Framework, which holds much promise in mobilising collective action on Oceans as the Pacific region tracks towards the SIDS2014 conference where Oceans will inevitably feature high on the political radar for most SIDS.

A mini–energy audit was carried out in early 2012, which it is hoped will lay the foundation for the development a ‘Green Office Policy’ for the Forum Secretariat in 2013. The results of the energy audit indicate that institutional efforts around electricity conservation should focus on cutting air-conditioning use, which accounts for over 65% of the Secretariat’s total electricity consumption. With a view to reducing operating costs and greenhouse gas emissions, PIFS management have agreed to fund further work to quantify fully and identify means of reducing the PIFS greenhouse gas emissions in 2013.

**CLIMATE CHANGE FINANCING**

The year 2012 was an eventful year for the Secretariat’s work on Climate Change Financing (CCF), as the Secretariat responds to directives given by Forum Leaders and Economic Ministers. In their 2011 Communiqué, Leaders set the Secretariat the task of setting out in detail how national and regional options could work in practice, taking into account, as appropriate, the specific capacities and needs of respective countries and the potential in possible combinations of various national and regional options.

Some of the key milestones and achievements of the Secretariat’s Climate Change Financing unit over 2012/13 are documented in the paragraphs that follow.

The programme’s CCF team was boosted with the recruitment of a Climate Change Coordination Officer in February 2012 with kind support from the EU, and the arrival of an AusAID secondee in May 2012 to work as the Climate Change Financing Project Adviser.

A CCF national case study analysis on Nauru commenced in the second quarter of 2012, with financial support from AusAID, and technical support by UNDP. The Nauru Case Study was designed by the Secretariat in close consultation with the Government of Nauru and a number of stakeholders in the region involved in climate change and related development work. It aims to provide a comprehensive assessment of the respective dimensions related to climate change implementation and financing within Nauru’s specific development context and strength of national systems. The Case Study Report will be completed and launched in May 2013. The recommendations of the Nauru Case Study will need to be followed up with additional support to ensure recommendations are fully considered within Nauru and with respective donors and development partners.

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1 Largely through the collective and sustained efforts of SIDS negotiators, Rio+20 was considered to deliver a relatively good outcome for Forum Island Countries as reflected in an Outcome document that reaffirmed the “special case” for SIDS; agreed to hold a 3rd International Meeting on SIDS in 2014; and laid strong emphasis on the importance of oceans, seas and fisheries. Furthermore, language around the Green Economy highlighted the need for an integrated approach across the three pillars of sustainable development, and emphasized the way forward must be nationally-driven and tailored to national contexts.
During the Second EU–PIF Ministerial Troika in Auckland in June 2012, the Pacific–EU Plan for Action on Climate Change 2012–2014 was finalised and launched.

July 2012 saw the publication of a booklet on Pacific experiences with modalities relevant to Climate Change Financing, which was subsequently disseminated to the Forum Economic Ministers Meeting and the Leaders’ Meeting in 2012, as well as other regional and international fora. This is a living document that will be updated periodically so that it effectively reflects new modalities and progress within the region.

An important step was the development of the Pacific Climate Change Finance Assessment Framework (PCCFAF) through the Nauru Case Study. This framework sets out a comprehensive method to assess issues relating to CCF in order to select the most appropriate approaches to addressing climate change financing in country specific circumstances. The PCCFAF assesses a country’s ability to access and manage climate change resources against six interrelated dimensions: (i) funding sources; (ii) policies and plans; (iii) institutions; (iv) public financial management and expenditure; (v) human capacity; and (vi) development effectiveness.

Support was given to the development of a Regional Technical Support Mechanism (RTSM) to respond, in a timely manner and on a needs basis, to the capacity limitations of the region. This is being funded by the Climate Investment Fund (CIF) through ADB. SPREP will host the RTSM, which is anticipated to be operational over late 2013 or early 2014.

Assistance was given to Forum Island Countries under the UNFCCC COP 18 negotiation in Doha in Nov–Dec 2012, particularly under Climate Finance discussions, and countries were supported for direct access to international climate change resources and utilisation of national systems. This work will continue over 2013.

The Secretariat’s interest was represented in a number of regional and international climate change financing meetings, in particular those related to the UNFCCC, the Green Climate Fund, the Adaptation Fund, the Global Environment Facility, and so forth.

Significant steps were the appointment of the Regional and International Issues Adviser to be a member of the Commonwealth Experts Group on Climate Finance, and AusAID’s nomination of the Economic Infrastructure Adviser to be a member of an expert group for the Scaling up Renewable Energy Programme (SREP) as part of the World Bank’s Climate Investment Fund. This is work in progress and an ongoing engagement for the CCF team at the Secretariat.

CROP COORDINATION

A full review of the CROP Charter, focusing particularly on CROP membership, was undertaken in 2012, in consultation with CROP Executives, and presented to PPAC and Leaders. Leaders endorsed the revised CROP Charter 2012, which reaffirms, inter alia, the continued validity of the existing CROP membership criteria, with the addition of: (i) retirement clauses – the retirement of agencies that no longer meet the membership criteria (i.e.
South Pacific Applied Geoscience Commission (SOPAC), South Pacific Board for Educational Assessment (SPBEA), and Fiji School of Medicine (FSMed)) – and (ii) periodic reviews of the Charter, which should be linked with the review of the Pacific Plan.

A significant part of such review of the Charter provides an opportunity for other partners including UN Agencies and other stakeholders who are part of partnerships under the Pacific Plan to have input into the reporting processes of CROP and PPAC in a more formal way. However, the implementation of these recommendations will be revised once the Pacific Plan Review has been completed.

CROP Executives and Heads of UN Agencies in the region had their first combined session in June 2012 to explore ways of more effective coordination of efforts in the region. They have established a Joint CROP–UN Taskforce to focus on taking these efforts forward in a practical way, focused in particular on where national-level gains can be made through improved CROP–UN coordination. An immediate area of collaboration has been in supporting Forum Island Countries to develop informed Pacific Positions as they engage in the SIDS 2014, Sustainable Development Goals and Post-2015 agenda.

**PUBLIC AFFAIRS UNIT**

The Secretariat’s communications and media engagements are undertaken through the Public Affairs Unit. In the review of the Pacific Islands Forum Secretariat, the Review Team recommended that the Secretariat develop and implement a broader communications plan, including a programme for the Secretariat to visit member states regularly to ensure that it understands the views of its members and also that its messages and requirements are more broadly communicated within member governments. Since the review, the Public Affairs Unit has developed a Communications Strategy taking into account the views expressed by members in order to be more reflective of the work of the Secretariat in the implementation of Leaders’ decisions. As part of its ongoing efforts in reform, the Public Affairs Unit was occupied with external communication activities such as the hosting of the Annual Leaders’ lecture at the Forum Secretariat Head Quarters. This was the first time for the Secretariat to host a Forum Chair after a long absence. Hon. Henry Puna, the Prime Minister of Cook Islands, delivered the lecture on the Pacific Plan.

The Unit also continued to coordinate with the Pacific Islands News Association (PINA) for the annual Regional Forum Media Workshop that was held prior to the Forum Leaders’ meeting in Rarotonga, Cook Islands in 2012. This Regional Forum Media Workshop continues to educate reporters from the region on the decisions of the Forum Leaders and the Forum Secretariat activities to implement the decisions. Every year the Workshop generates about 200 stories in the several days around the decisions of the Forum Leaders that are disseminated by the media throughout the region in both English and local languages. The Unit is also responsible for updating and managing the Forum Secretariat website. As this initiative is a priority and likely to remain so in the future, the Secretariat has embarked on strengthening its intranet for effective internal communications, which would build on knowledge sharing and knowledge management for better outcomes.
ECONOMIC GOVERNANCE PROGRAMME

Overview
The Economic Governance Programme takes its direction from the Forum Leaders’ Vision to facilitate opportunities for sustainable economic growth in Pacific Islands countries.

The Programme seeks to achieve this by assisting Members implement the decisions of Forum Leaders and Forum Economic and Trade Ministers relating to regional trade and economic growth. The Programme assists Members to: engage in economic reforms, integration and the improvement of infrastructure; improve opportunities for trade within the region and with other regions; and increase investment opportunities and private sector development. The Programme provides relevant high quality policy advice, capacity building assistance and technical support for Members.
PROMOTING ECONOMIC GROWTH AND DEVELOPMENT

The 2012 Forum Economic Ministers meeting was held in Tarawa, Kiribati in July. Deliberations covered a number of issues and the outcomes of the discussion were provided in the 2012 FEMM Action plan. Ministers confirmed their core role in making progress on the implementation of the Waiheke Declaration at the national level. Specifically, Ministers agreed on the establishment of a technical working group on the Waiheke Declaration. This was further endorsed by Leaders at the 2012 Forum Leaders’ meeting in Rarotonga, Cook Islands.

Women’s Economic Empowerment
Another important area in which Ministers committed to make progress is the economic empowerment of women. They emphasised the need to improve the enabling environment for women’s economic participation, and increase opportunities for women to participate in the formal labour market and as entrepreneurs.

Subsequently, the 2012 Forum Leaders’ meeting adopted the 2012 Forum Leaders’ Gender Equality Declaration. The declaration highlights important areas supporting the economic empowerment of women, such as the removal of barriers to women’s employment and participation in the formal and informal sectors; implementation of equal employment opportunity and gender equality measures in public sector employment; improvement of the facilities and governance of local produce markets; and targeting support to women entrepreneurs in the formal and informal sectors.

Improving FICs’ access to Climate Change Funds in 2012
Ministers extended their commitment to make progress with facilitating FICs’ access to climate change funds. Ministers noted the Forum Secretariat’s comprehensive approach, in collaboration with other regional organisations and development partners, to implementing the range of Leaders’ decisions on climate change financing, FEMM, and the Pacific Plan Action Committee. They also reiterated the need for strengthened national systems to plan for, access, deliver, absorb and monitor climate change financing fund facilities. Ministers were given an update on the Nauru Case study of a national experience in accessing climate change financing and an assessment of various modalities used in FICs that are relevant to climate change financing.

Other issues Ministers considered included the regional Public Finance Management roadmap, implementation of the Forum Compact, and a regional small and medium
enterprise financing facility. The Forum Secretariat has collaborated with the Secretariat of the Pacific Community and relevant development partners in identifying relevant initiatives and making progress on them in response to the decisions by Economic Ministers and Leaders, and this action is continuing.

STRENGTHENING TRADE POLICY

Forum Trade Ministers met in Majuro, in the Republic of the Marshall Islands, in May 2012 to consider and make decisions on trade related issues important to the region, including the progress of negotiations on the Pacific Agreement on closer Economic Relations (PACER) Plus, Pacific Islands Closer Trade Agreement (PICTA), Economic Partnerships Agreement (EPA) and the Doha Development Agenda round at the World Trade Organisation (WTO). Ministers also considered the trade development support provided by the Pacific Islands Trade and Invest network and work to strengthen the traditional knowledge and intellectual property frameworks in the region.

FACILITATING THE NEGOTIATION AND IMPLEMENTATION OF TRADE AGREEMENTS

Promoting Regional Trade Integration: PICTA
Over the year, the Programme made good progress in the negotiation and implementation of regional and multilateral trade agreements, with the highlight of 2012 being the signature by nine Leaders of the final PICTA Trade in Services (TIS) Protocol after it was opened for signature. The PICTA TIS is now awaiting ratification by the member states for it to enter into force. Now that the PICTA TIS negotiations have been completed, the focus is on progress with the PICTA Temporary Movement of Natural Persons (TMNP) scheme; in this effort, the Programme will provide assistance to individual countries to enable them to determine their engagement by compiling Labour Market Assessments.

Pacer Plus Negotiations
At the fourth PACER Plus Official Meeting in Brisbane in March 2012, Officials agreed to hold inter-sessional meetings to work on the six priority areas: labour mobility; rules of origin; customs procedures; sanitary and phytosanitary measures; technical regulations, standards and conformity assessment procedures; and development assistance. At the Forum Trade Ministers Meeting in RMI in May 2012, Ministers lamented the slow progress in the PACER Plus negotiations and instructed Officials to increase engagement and make rapid progress on the six
priority issues at inter-sessional meetings and agree on a roadmap for the remaining negotiations issues.

**Promoting Global Trade Integration: EPA**

The EPA negotiations took a positive turn in 2012 with the restarting of negotiations when the EC met with the Pacific ACP States (PACPS) for the first negotiating session since September 2009. During the Joint Technical Working Group (JTWG) sessions, both sides agreed that more technical meetings were to be convened to resolve key issues such as fisheries, to keep the EPA moving forward.

Technical assistance was provided to assist PACPS to finalise their draft market access offers and as a result, 12 PACPS submitted revised draft market access offers to the EC in September 2012.

A global sourcing documentary DVD on fisheries rules of origin was also commissioned as part of the FICs’ lobbying and communication strategy on fisheries. This has been well received and has proved to be a valuable advocacy tool. Negotiations will continue in 2013 with the intent of concluding the negotiations by the end of 2013.

**Aid For Trade**

Aid for Trade (AfT) is about assisting developing countries increase their exports of goods and services, to integrate into the multilateral trading system, and to benefit from liberalised trade and increased market access.

The Programme undertakes a range of activities to increase AfT resources for Pacific Islands countries for improved policy, infrastructure and tangible support for trade development, while taking into account national priorities and donor support arrangements, and improved engagement in the implementation of the Pacific Regional Indicative Programme (PRIP).

The AfT team was fully recruited in 2012, which enabled them to work in a coordinated effort towards increasing AfT for our Members.

**Facilitating The Pacific Aft Roundtable Meetings**

The Programme has been facilitating annual AfT roundtable meetings since 2009 as an opportunity for principal AfT stakeholders to discuss and strategically address specific AfT issues of interest to the Pacific region through regional activities and arrangements. The fourth Pacific AfT Roundtable Meeting was held on 1 December in Samoa, among Senior Officials from 14 PACP countries along with key development partners. The meeting was provided with an update on work underway on AfT matters in the region, including an overview of AfT projects; progress on reviewing the 2009 Pacific AfT Strategy, and the Memorandum of Understanding to establish the Pacific Regional Trade and Development Facility (Facility).
Working Toward A Revised Pacific AFT Strategy

The Pacific region is currently engaged in a ‘refresh and renew’ process of the Pacific AFT Strategy. A critical part of this process has been to solicit input into the revised strategy through substantive consultations with a wide range of AFT stakeholders and partners at regional and national levels. A roadmap was formulated including a list of key actions to be undertaken and providing a timeframe for working through to the stage of finalising the revised Pacific AFT Strategy by August 2013.

The first Pacific AFT Strategy, developed in 2009, has been a valuable framework for the mobilisation of AFT resources and a guiding document defining and quantifying the AFT needs for the region.

Pacific Regional Trade and Development Facility

The Programme has been working on developing a Facility as a mechanism to channel funds and address AFT requirements for FICs. The concept of a Facility originated in 2006, in the context of negotiations for an EPA, though it has since been shared with all Forum countries and a range of AFT stakeholders for a more inclusive approach.

The Facility could provide regional trade-related assistance in a timely and effective manner to enhance the ability of FICs to participate actively in the international trading system. The types of activities and projects for implementation through the Facility will be those that FICs have identified as their AFT needs. Regional, sub-regional and national projects with a regional impact will be considered for funding from the Facility.

This is an opportunity to coordinate and implement AFT projects with the work of other Development Partners, regional and sub-regional organisations, and national bodies and organisations with a view to avoiding unnecessary duplication of existing work programmes and maximising the benefits from the resources available.

Making Progress Toward Global Trade Integration By Increasing Participation In The World Trade Organisation (WTO) In 2012

A new Trade Policy Officer joined the PIFS–Geneva Office in January 2012 and boosted the Office’s capacity to promote global trade integration. The Trade Policy Officer attends and participates in WTO-related meetings and provides...
technical advice on developments of interest or concern to FIC WTO members.

The PIFS–Geneva Office has helped facilitate trade-related training placements and participation in capacity building opportunities offered by the WTO for Pacific Island Officials in Geneva.

**Facilitating Engagement With Brussels-Based PACP Ambassadors**

The PIFS–Geneva Office continues to provide support and technical advice to the Brussels-based PACP Ambassadors. This has included technical support on developing PACP positions on WTO negotiations at ACP Trade Ministers Meetings. The Office also facilitates meetings for Ambassadors with Geneva-based organisations, according to requests received. Officials from the Geneva Office continue to work closely with their counterparts from the Brussels Mission at the technical level.

**Facilitating Information Dissemination**

Circulars and briefs on relevant meetings and on issues of interest to FICs are disseminated to FIC WTO Members on a regular basis. Specific updates on the meetings of the Least Developed Countries, Small and Vulnerable Economies, and the ACP Groups; and on negotiations concerning NAMA, Trade Facilitation, Agriculture, Services, the Committee on Trade and Development are provided to FIC WTO Members regularly, and to non-WTO Members when it affects their interests.

**Samoa And Vanuatu Accede To The WTO**

For the Pacific, 2012 was a significant year in the multilateral trading system as it saw two Forum Island Countries, Samoa and Vanuatu, become full members of the WTO. At the Eighth WTO Ministerial Conference, in December 2011, Samoa and Vanuatu’s accession processes were approved, and in 2012 their accession instruments were ratified domestically. Samoa became the 155th Member of the WTO on 10 May 2012, fourteen years after it lodged its initial application for membership. On 24 August 2012 Vanuatu became the WTO’s 157th Member, completing a process that began in 1995. Vanuatu’s Deputy Prime Minister, the Honourable Ham Lini, deposited the instruments of acceptance at the General Council in July 2012. There are now six FIC Members of the WTO: Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga, and Vanuatu.

**Trade-Related Technical Assistance: WTO And Forum Secretariat Sign A Memorandum Of Understanding**

The year 2012 was also significant as it saw the first ever visit by a WTO Director General to the Pacific Region. Director General Pascal Lamy visited Samoa and Vanuatu between 28 November and 1 December 2012. During this visit the WTO Director General and PIFS Secretary General signed a five-year, renewed and strengthened Memorandum of Understanding to enable the two organisations to work together to provide trade-related technical assistance to the FICs.

**Strengthening Trade Policy Frameworks And Trade Integration**

Most FICs participate in trade negotiations without a comprehensive National Trade Policy Framework to assist them identify offensive and defensive trade needs and to guide them in the negotiations. In addition, most FICs do not have trade mainstreamed as a substantive component in their National Development Plans and Strategies. Hence, the development of National Trade Policy Frameworks and the mainstreaming of trade into National Development Plans and Strategies are an important part of the Programme’s Trade Policy work programme, which aims to have at least six Trade Policy Frameworks in place by the end of 2014.

Cabinet endorsed the Republic of the Marshall Islands Trade Policy Framework in June 2012 and Vanuatu’s Trade Policy Framework was launched by the Prime Minister on the 20 July. Further assistance was provided to Niue, Tuvalu, Nauru, and Fiji to finalise their frameworks.

**Hubs And Spokes: Enhancing Trade Capacity Development**

Forum Trade Ministers at their meeting in May 2012 noted the important contribution made by Phase 1 of the Hub and Spokes Programme in building capacity for trade negotiations, developing trade policies, and complementing the work of the national trade offices in the region. Phase 1 was completed in June. Its main purpose was to promote effective participation of ACP States in international trade negotiations and strengthen their capacity to formulate and implement trade policies that are in compliance with their overall development strategies.

The Project activities included training and sensitising stakeholders on trade policy issues; building capacity to analyse, formulate, negotiate, and implement trade policies; developing national and regional networks on trade policy; and providing advice through Regional Trade Policy Advisers (RTPAs) and Trade Policy Analysts (TPAs).

Forum Trade Ministers supported the continuation of the Hub and Spokes Programme beyond June 2012. In August 2012, the PACP Trade Ministers expressed appreciation for the support provided by the Hub and Spokes Programme and requested the provision of additional funding to deploy Trade Policy Advisers (TPA) in PACPS, particularly in the Small Island States.

Phase II of the Hub and Spokes Programme commenced in June 2012. The main objectives of Hub and Spokes II are
similar to those under Phase I but the emphasis is now on enhancing capacity building. In order to deliver effective capacity building and address the needs of PACPS, Phase II will focus on improving coordination and partnership with other organisations, donors and universities. As happened under Phase I, Phase II will continue operating in a flexible and independent manner in order to respond as a matter of urgency to the needs of PACPS.

**Strengthening Of Intellectual Property Rights And Protecting Traditional Knowledge**

The implementation of the recently completed phase I of the Traditional Knowledge (TK) Action Plan focused on developing policy and legislative systems to protect TK. The first step of the TK Action Plan provided assistance to six FICs (Cook Islands, Fiji, Kiribati, Palau, Papua New Guinea, and Vanuatu), to develop their policy and draft legislation based on the Model Law on TK and Expression of Culture (EC), the Traditional Biological Resources framework and the toolkit for policy guidelines, and the consolidated model law on TK and EC. Most of the participating FICs are in the process of seeking Executive approval of their TK-related policy and/or legislation.

**Decisions To Progress TK and IPR**

Forum Trade Ministers at their meeting in 2012 agreed that the priority for phase II of the TK Action Plan should be to extend the technical assistance for the drafting of TK policy and legislative frameworks to those FICs that are yet to be assisted, and a focus on the commercialisation of TK and cultural industries. The Programme continues to encourage national governments to keep on with work to complete their TK policy and legislative frameworks prior to engagement by the FICs in further work to commercialise TK.

**Trade Policy Support To The Private Sector**

The Programme provides support to the Pacific Islands Private Sector Organisation (PIPSO) as the pivotal regional body representing and coordinating national private sector organisations to increase private sector participation in the development of national Trade Policy Frameworks and trade negotiations, and to access export opportunities from implemented trade agreements.

**Trade And Investment Promotion For Pacific Island Businesses**

The Programme attended a meeting of Industry Officials and Heads of Investment Promotion Agencies in Port Vila at the invitation of the Melanesian Spearhead Group (MSG) Secretariat to contribute towards developing a Strategy for Private Sector Development for the MSG.

**Private Sector Dialogue – Promoting Sustainable Development**

The third Private Sector Dialogue with Forum Leaders took place at the August 2012 Forum Leaders’ Meeting in the Cook Islands. The theme was ‘Clean and Green Industries – Promoting Sustainable Development in the Pacific’. Participants discussed a range of critical issues including the ongoing importance and responsibility of the private sector in creating an environment of opportunity.

‘The Private Sector recognised that it takes risks, invests its own capital and uses its creativity and entrepreneurship to create sustainable business. Investment invariably leads to employment, the purchase of goods and services from other businesses, and the production of exports countries need to grow their economies. It also creates demand for better education and improved health services. A healthy and educated workforce is required to ensure employees are productive and businesses are regionally and internationally competitive. An inclusive private sector that encourages women and young people to become entrepreneurs is also required. In our last dialogue, we discussed the critical importance of improving access to finance. Today, we agreed that access to finance continues to be one of the greatest challenges to commerce, and one which stops us developing the next generation of entrepreneurs. It is particularly difficult for young entrepreneurs and those with innovative business capital, be it through lending or investment.’

**Pacific Islands Trade & Invest**

Pacific Islands Trade and Invest (PT&I) aims to develop, grow and promote industry and the businesses of Pacific Islands countries in export, investment and tourism promotion across international markets. The four Offices located in Auckland, Beijing, Sydney, and Tokyo and a desk in Geneva are an important part of the Economic Governance Programme support for private sector development in Forum Island Countries, and play an important role in supporting countries to take advantage of export and investment opportunities in four of the region’s most important trade markets.

**Showcasing Pacific products**

The Trade Commissioners of the Pacific Islands Trade and Invest network convened a successful meeting in Tokyo in 2012. The meeting provided a valuable opportunity to visit the Pacific Islands booth at the 2012 FOODEX show where a small but vibrant group of Pacific Islands producers was part of the exhibition.

**Securing Export Sales For Samoa And PNG**

The PT&I Auckland provided ongoing assistance to Samoa Agro Marketing (SAM) including introductions to potential buyers, tailored advice to support the client, and financial assistance for marketing. SAM works with government
agencies to facilitate exports of agriculture commodities from Samoa to New Zealand, Australia and the United States. Working with the Samoa Trade Commission Office in Auckland, this collaborative effort fostered a long-term relationship with one distributor and led to successful export sales for the client.

A new Pacific Islands agriculture-based drinks product found its place in the highly competitive Chinese beverage market. VITIS of Papua New Guinea exported two and a half containers of Vodka following 12 months of facilitation and promotion by VITIS with the assistance of the PT&I, Beijing in collaboration with Investment Promotion Agency, PNG. The Pacific Islands Trade and Invest, Geneva Desk collaborated with the Pacific public and private sectors and Pacific regional organisations and multilateral agencies in Geneva, London and Brussels to build on existing and establish new strategic partnership networks. It undertook country and industry specific strategic market opportunity identification; and initiated strategic value chain linkages to facilitate opportunities for FIC products and services in line with trade development objectives. While PNG Palm Oil is the largest export product to the EU, research and commercial industry contact confirmed interest in certified, ethical and organic products: coffee, cocoa, coconut products, essential and tree oils, aromatics/spices and flavours, certified timbers and seafood and cultural/creative items.

PROMOTING TRADE AND PRIVATE SECTOR DEVELOPMENT

Business Development Fund

The Government of Japan has continued to support the private sector through the Business Development Fund (BDF), administered by PIPSO, and is an important part of PIPSO’s support to the Pacific Islands’ private sector. The BDF has been supporting the development of the private sector through marketing support; business development and product development support; and training and skills development since 2011.

Enabling Entrepreneurs

The Programme partnered with the Secretariat of the Pacific Community in joint organisation of two sub-regional workshops on Entrepreneurial Development for Cultural Producers in Fiji and Guam.

The objective of the workshops was to build and strengthen the capacity of people involved in the visual arts, performing arts, handicrafts, fashion, creative arts and expressive arts. This was achieved through interactive sessions that dealt with business readiness; characteristics of a successful entrepreneur; supply chain; bio-security, quarantine, customs and tariffs; product development, market access, links between creation and production in the value chain context; and domestic market versus export market. High quality presentations from stakeholders added value to the workshop.

EUROPEAN DEVELOPMENT FUNDING (EDF) ASSISTANCE

All projects under the 9th EDF have been closed except for the Disaster Risk Reduction (DRR) Project, which has been granted an extension up till 31 December 2013. The Conclusion of the final programming phase of the 10th EDF PRIP was completed in 2012. The Action Fiche for the three outstanding projects – Non-State Actors Support Programme, Support to Regional Authorising Officer, and Adapting to Climate Change and Sustainable Energy – were submitted to the Quality Support Group for consideration and approval. The Financing Agreement for these three projects is expected to be signed by December 2013.

The initial consultation meeting on the 11th EDF Programming commenced on 11–12 October 2012. In this meeting at the Forum Secretariat Headquarters, a wide spectrum of stakeholders was in attendance. Regional Economic Integration and Sustainable Management of Natural Resources and Environment were considered possible sectors under the 11th EDF Pacific Regional Indicative Programme (PRIP). The additional allocation of €19 million as an incentive committed to Climate Change has propelled the increase in the total 10th EDF allocation from the initial €95 million to €114 million.

The EU Agenda for Action and the EU–Pacific Development Partnership Agreement are the two key policy documents that have set the agendas for discussion for 11th EDF Programming. Priorities of the Pacific Plan are also considered important in determining the possible focal sectors under the 11th EDF PRIP. The Agenda for Change proposes to focus EU Development efforts on partner countries that are most in need (including fragile states) and where EU assistance can have the greatest impact, concentrating in particular on Human Rights, democracy and other key elements of good governance and Inclusive and sustainable growth. These two areas also complement the Pacific Plan, National Development Plans and Millennium Development Goals (MDGs).
Corporate Services plays a critical role in terms of service delivery to the Secretariat to enable staff to deliver quality services to the region. As a team, improving what we do and how we do it is crucial to the Programme’s contribution to organisational effectiveness. The range of services is: Organisational Development, Human Resources and Administration, Financial Services, Information Management, Information Technology, Property Services, and Legal Services.
ORGANISATIONAL DEVELOPMENT

With the planning cycle timelines for both planning documents aligned to three- and six-year cycles, the new Corporate Plan for 2013–2018 and Programme Strategic Plans 2013–2015 were developed in 2012. While the Review of the Secretariat and the Leaders’ consideration of the relevant report initially delayed this, the Secretariat moved quickly to mobilise resources and activate a process to develop the documents. The plans development process included extensive consultations with Member countries on successive drafts and members were also invited to a consultation meeting in Suva where they collectively considered the draft plans and provided guidance for their further refinement. The Forum Officials Committee (FOC) approved the new Corporate Plan and Programme Strategic Plans at their meeting in December 2012.

As part of a much broader corporate reform process, FOC was informed of progress on development of a Monitoring and Evaluation Framework and Planning and Budgeting Guidelines to be undertaken over the course of 2013, as well as the establishment of a Strategic Planning Unit as part of this new planning regime. This was not a new recommendation as previous Committees had discussed it. The unit would update, oversee the implementation, review and refresh subsequent Corporate Plans, Programme Strategic Plans and Monitoring and Evaluation frameworks as required.

HUMAN RESOURCES & ADMINISTRATION

Reforms to Human Resources (HR) began with the tender of the HR Strategy Development project. Its purpose is to review and develop HR strategies that include and incorporate aligned strategies on recruitment, training and performance development and other strategies necessary to the provision of a roadmap for the organisation and staff. These strategies are intended to guide the work of the Human Resource function so that by adding value to the process, the relevant outcomes of the Programme Strategic Plans can be realised in a meaningful and sustainable way.

While the 2012 Triennial Remuneration Review was completed in August 2012, consideration of many of the recommendations was incomplete; the CROP Working Group on Harmonisation continued with the work on it. FOC approved the recommendations that had been completed and supported by the CROP agencies, on establishment allowance, repatriation allowance, and a market allowance.
On the operations front, 30 recruitment campaigns were undertaken, although recruitment for a few of the key positions was delayed by the Review of the Secretariat. Training was provided on budget and financial management, procurement, writing and presentation skills. Our payroll system was upgraded at the beginning of 2012 to align with the requirements of the Human Resource Information System (HRIS), which was being piloted by SPC in 2012. Design of the Secretariat’s HRIS will begin in 2013 by amending the SPC template.

**FINANCIAL SERVICES**

Financial Services was able to implement a number of key governance mechanisms during the year that will result in improved financial governance of the Secretariat in the future. These mechanisms included establishment of the Audit and Risk Sub-Committee of the Forum Officials Committee (FOC), and approval by the FOC of a reserves policy that will guide the Secretariat’s management of funding carried over to subsequent years.

Financial Services was able to deliver these important initiatives, and on its core mandate of financial management, while simultaneously dealing with critical staffing shortages. These staffing shortages were rectified with much effort during 2012, and should place Financial Services in a strong position to continue delivering its mandates in future.

**INFORMATION MANAGEMENT**

A key achievement of the Information Management (IM) team was the revamp of the Library, particularly the Serials and Reference collection areas. The shelves for these areas were rearranged to create space and an inviting atmosphere and also for security purposes. The revamp also resulted in the weeding out of a large number of outdated serials and periodicals. This has helped the team maintain an up-to-date and relevant Serials Collection. The new look library has generated positive feedback from staff and visitors alike. The IM team was also privileged to have the Forum Chair and Prime Minister of Cook Islands visit the library in October during his time at the Secretariat for the delivery of the Annual Leaders’ Lecture.

In an effort to help foster greater information and knowledge sharing amongst staff, the IM team also set up a newly designated Knowledge Management (KM) Corner, which comes equipped with a TV, DVD player, earphones and comfortable sofas and has been very popular with staff, who regularly use the Corner for meetings.

The digitisation of Forum meeting records continued in 2012, in an effort to provide all staff with easy access to meeting outcomes from their desktops. A temporary staff member was contracted for three months to digitise Forum meeting records and all Forum legal agreements and MOUs. To date, the summary records of the Forum Leaders’ Meetings from 1971 to 2008, the Post-Forum Dialogue Meetings from 1989 to 2004, Taiwan/ROC–Forum
Countries Dialogue Meetings from 1993 to 2005, and all Forum legal agreements and MOUs have been digitised and the digitisation project will continue in 2013.

**INFORMATION TECHNOLOGY**

One of the milestones reached by the Information Technology (IT) department was the completion of an IT review and audit. The scope of the review was to determine their ‘fitness for purpose’ and included an assessment of what technologies should be upgraded, replaced or migrated to ensure the effective maintenance of services for the next five years.

IT worked on and introduced a standard set of technical specifications for PIFS laptops and desktops according to user type, i.e. normal user and power user. With this in place work began with the aim of ensuring that each member of the staff at PIFS has access to a standard laptop. A new lot of 20 laptops with the new technical specifications was purchased to replace the aging laptops and desktops that were in circulation. This ensures that each staff member is mobile and is able to work off a laptop from any location and not only from the office.

Another of the major milestones IT reached was the work already completed and still being done in ensuring the integrity and safe keeping of PIFS data. Our email server, which holds all staff emails and email archives, was clustered across three (3) different servers. This ensured that email services were available as and when required by PIFS staff either through Outlook on their laptops or via the PIFS website. This ensures that staff have access to emails and are able to work whilst on the road as long as they have a connection to the world wide web (internet).

Work began in 2012 on the PIFS data backup strategy. In 2012 a multilayered backup system was put in place to ensure that data backups are completed daily and stored on separate servers. Work also continues on archiving these backups on a separate medium and the storing of our backups across multiple physical locations, to ensure that our data are always available when required, especially where there is limited access to our primary site. Work continues not only in maintaining, but also in improving current IT services and the user experience.

**PROPERTY SERVICES**

Property Services in its role as the provider of essential property services to staff and as custodians of the Secretariat’s physical assets continues to provide support in the provision of clean and hygienic offices, meeting facilities and services as well as landlord services to all tenants on the compound. The management of the Secretariat’s property assets, furniture and fittings, plant and equipment continues to strengthen. For 2012 the team focused on Green initiatives with the provision of a greener working environment for staff and users of the Secretariat’s facilities.

Key Achievements included the completion of the new executive and video conferencing facilities, the completion of refurbishments to four staff houses, one office building, an upgrade of the main Conference Centre kitchen and communications room and the upgrade of SG’s Mini Conference room. Beautification of the compound saw the completion of landscaping projects on the gardens in the main reception area, rock lining works at the main entrance gate and the gun site walkway. Another notable achievement was the commencement in November of the fire alarm system upgrade project with completion expected in the first half of 2013. In the first half of 2012, seven of the 11 staff houses were vacant. By the end of 2012, only three houses were vacant, increasing the annual income from our residential houses by $36,000.

**LEGAL SERVICES**

Legal Services suffered a setback when the Corporate Legal Officer left in the first half of the year. Recruitment of a replacement was activated and a successful candidate began his appointment in the second half of the year. Already work on standardising legal documentation across the Secretariat has begun, as well the implementation of an internal governance committee charged with the review consideration of all working policies and procedures.
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012
Secretary General’s Statement

I am pleased to present the Secretariat’s consolidated financial statements and independent auditor’s report for the year ended 31 December 2012.

During the year, we expended FJD53m compared to budgeted expenditure of FJD67m, while our total cash and investment holdings at year end amounted to FJD103m.

I remain conscious of the responsibility entrusted to the Secretariat by Members of the Pacific Islands Forum, and by our development partners, to manage such a substantial level of funding. I therefore reaffirm our commitment to ensure that these financial statements provide an accountable and transparent summary of the Secretariat’s financial activities for the 2012 financial year.

In my opinion:

(a) the accompanying 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 2012,

(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 2012,

(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 2012, 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 2012.

Dated at Suva this 1st day of August 2013

__________________________
Tuiloma Neroni Slade
Secretary General
Independent auditor’s report to the members of the Pacific Islands Forum

We have audited the accompanying financial statements of Pacific Islands Forum Secretariat (the Secretariat) which comprise the consolidated statement of financial position as at 31 December 2012, and the general fund statement of comprehensive income, consolidated statement of changes in funds and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 19.

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

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

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

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

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the Secretariat as at 31 December 2012 and of its financial performance, its changes in funds and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements
We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
In our opinion,

i) proper books of account have been kept by the Secretariat, so far as it appears from our examination of those books;

ii) the financial statements are in agreement with the books of account; and

iii) to the best of our information and according to the explanations given to us the financial statements give the information required by the Secretariat’s financial regulations in the manner so required.

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

For the Year Ended 31 December 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>Income</th>
<th>2012 Revised Budget</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>FJD</td>
<td>FJD</td>
<td>FJD</td>
</tr>
<tr>
<td>2</td>
<td>Contributions from members</td>
<td>4,028,426</td>
<td>4,028,426</td>
<td>4,028,426</td>
</tr>
<tr>
<td></td>
<td>Interest</td>
<td>652,266</td>
<td>702,801</td>
<td>935,034</td>
</tr>
<tr>
<td></td>
<td>Recoveries income</td>
<td>840,139</td>
<td>779,677</td>
<td>781,485</td>
</tr>
<tr>
<td></td>
<td>Administration fees received</td>
<td>2,709,749</td>
<td>1,493,547</td>
<td>2,688,871</td>
</tr>
<tr>
<td>3</td>
<td>Other income</td>
<td>72,220</td>
<td>112,742</td>
<td>69,673</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>8,302,799</strong></td>
<td><strong>7,117,193</strong></td>
<td><strong>8,503,489</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>2012 Revised Budget</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Governance</td>
<td>4(a)</td>
<td>139,273</td>
<td>145,406</td>
</tr>
<tr>
<td>Political Governance and Security</td>
<td>4(b)</td>
<td>360,301</td>
<td>533,064</td>
</tr>
<tr>
<td>Strategic Partnerships and Coordination</td>
<td>4(c)</td>
<td>193,547</td>
<td>175,504</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>4(d)</td>
<td>4,606,183</td>
<td>4,339,629</td>
</tr>
<tr>
<td>Management of the Secretariat</td>
<td>4(e)</td>
<td>2,316,534</td>
<td>2,155,237</td>
</tr>
<tr>
<td></td>
<td><strong>7,615,838</strong></td>
<td><strong>7,348,840</strong></td>
<td><strong>6,596,293</strong></td>
</tr>
</tbody>
</table>

| Transfer to Trust Fund                   | -                   | -    | -    |
| Foreign exchange gain/(loss)             | (153,401)           | (89,810) | (93,573) |

| Surplus of income over expenditure       | **533,560**         | (321,457) | 1,813,623 |

This statement to be read in conjunction with the notes to and forming part of the consolidated financial statements posted on the PIFS website: www.forumsec.org.fj
Consolidated Statement of Financial Position  
As at 31 December 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>2012 FJD</th>
<th>2011 FJD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5</td>
<td>87,623,440</td>
</tr>
<tr>
<td>Held-to-maturity investments</td>
<td>6</td>
<td>15,536,491</td>
</tr>
<tr>
<td>Inventories</td>
<td>7</td>
<td>14,459</td>
</tr>
<tr>
<td>Receivables – members</td>
<td>8</td>
<td>964,924</td>
</tr>
<tr>
<td>Other receivables and prepayments</td>
<td>9</td>
<td>844,545</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>10</td>
<td>7,834,792</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>11</td>
<td>111,044</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current payables</td>
<td>12</td>
<td>2,316,680</td>
</tr>
<tr>
<td>Contributions received in advance – Trust Fund</td>
<td>13</td>
<td>92,351,968</td>
</tr>
<tr>
<td>Deferred income – General Fund</td>
<td>14</td>
<td>1,010,802</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income – General Fund</td>
<td>14</td>
<td>2,527,006</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Accumulated and reserve funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General fund</td>
<td></td>
<td>6,218,693</td>
</tr>
<tr>
<td>Exchange translation reserve</td>
<td></td>
<td>2,783,976</td>
</tr>
<tr>
<td>Capital reserve</td>
<td></td>
<td>5,720,570</td>
</tr>
<tr>
<td><strong>Total accumulated and reserve funds</strong></td>
<td></td>
<td>14,723,239</td>
</tr>
</tbody>
</table>

For the Pacific Islands Forum Secretariat

Tuiloma Neroni Slade  
Secretary General

Lusia tuivunuavou  
Acting Director Corporate Services  
7 March – 24 July 2013
# Consolidated Statement of Changes in Funds

## For the Year Ended 31 December 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FJD</td>
<td>FJD</td>
</tr>
<tr>
<td><strong>General Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the year</td>
<td>6,450,340</td>
<td>4,543,144</td>
</tr>
<tr>
<td>Surplus of income over expenditure</td>
<td>(321,457)</td>
<td>1,813,623</td>
</tr>
<tr>
<td>Transfer (to)/from Exchange Translation Reserve</td>
<td>89,810</td>
<td>93,573</td>
</tr>
<tr>
<td><strong>Balance at the end of the year</strong></td>
<td>6,218,693</td>
<td>6,450,340</td>
</tr>
<tr>
<td><strong>Exchange Translation Reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the year</td>
<td>2,873,786</td>
<td>2,967,359</td>
</tr>
<tr>
<td>Transfer from/(to) General Fund</td>
<td>(89,810)</td>
<td>(93,573)</td>
</tr>
<tr>
<td><strong>Balance at the end of the year</strong></td>
<td>2,783,976</td>
<td>2,873,786</td>
</tr>
<tr>
<td><strong>Capital Reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the year</td>
<td>6,010,463</td>
<td>5,980,533</td>
</tr>
<tr>
<td>Purchase of Trust Fund assets</td>
<td>39,305</td>
<td>318,232</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(329,198)</td>
<td>(288,302)</td>
</tr>
<tr>
<td><strong>Balance at the end of the year</strong></td>
<td>5,720,570</td>
<td>6,010,463</td>
</tr>
</tbody>
</table>

*This statement to be read in conjunction with the notes to and forming part of the consolidated financial statements posted on the PIFS website: www.forumsec.org.fj*
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>2012 FJD</th>
<th>2011 FJD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions from members</td>
<td>3,737,882</td>
<td>3,829,032</td>
</tr>
<tr>
<td>Trust Fund income</td>
<td>28,758,119</td>
<td>25,963,070</td>
</tr>
<tr>
<td>Programme and project costs</td>
<td>(52,859,586)</td>
<td>(25,222,250)</td>
</tr>
<tr>
<td>Other operational costs</td>
<td>(3,016,931)</td>
<td>(7,472,630)</td>
</tr>
<tr>
<td>Interest received</td>
<td>953,056</td>
<td>1,047,461</td>
</tr>
<tr>
<td>Rent and other income</td>
<td>653,433</td>
<td>145,701</td>
</tr>
<tr>
<td>Realised exchange gain/(loss)</td>
<td>(40,164)</td>
<td>(111,209)</td>
</tr>
</tbody>
</table>

Net cash flow (used in) operating activities | (21,814,191) | (1,820,825) |

Cash flow from investing activities

| Proceeds from sale of property, plant and equipment | 74,750 | 1,100 |
| Payments for property, plant and equipment | (444,948) | (502,835) |
| Movement in held to maturity investments | (3,873,097) | 1,839,954 |

Net cash flow from/(used in) investing activities | (4,243,295) | 1,338,219 |

Effect on exchange rate changes | (2,159,334) | (183,633) |

Net (decrease) in cash held | (28,216,820) | (666,239) |
Cash at the beginning of the year | 115,840,260 | 116,506,499 |

Cash at the end of the year | 5 | 87,623,440 | 115,840,260 |

This statement to be read in conjunction with the notes to and forming part of the consolidated financial statements posted on the PIFS website: www.forumsec.org.fj
## Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2012

<table>
<thead>
<tr>
<th></th>
<th>2012 Revised Budget</th>
<th>2012 General Fund</th>
<th>2012 Trust Fund</th>
<th>Eliminisions</th>
<th>2012 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>859,520</td>
<td>702,801</td>
<td>205,549</td>
<td>-</td>
<td>908,349</td>
</tr>
<tr>
<td>Recoveries income</td>
<td>840,139</td>
<td>779,677</td>
<td>-</td>
<td>(779,677)</td>
<td>-</td>
</tr>
<tr>
<td>Administration fees received</td>
<td>2,709,749</td>
<td>1,493,547</td>
<td>-</td>
<td>(1,493,546)</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>72,220</td>
<td>112,743</td>
<td>-</td>
<td>-</td>
<td>112,743</td>
</tr>
<tr>
<td>Trust Fund income</td>
<td>25,087,500</td>
<td>29,108,037</td>
<td>-</td>
<td>-</td>
<td>29,108,037</td>
</tr>
<tr>
<td>Benefits derived from property, plant &amp; equipment</td>
<td>324,767</td>
<td>-</td>
<td>328,807</td>
<td>-</td>
<td>328,807</td>
</tr>
<tr>
<td></td>
<td><strong>33,922,321</strong></td>
<td><strong>7,117,193</strong></td>
<td><strong>29,642,393</strong></td>
<td><strong>(2,273,223)</strong></td>
<td><strong>34,486,363</strong></td>
</tr>
</tbody>
</table>

| **Expenditure**      |                     |                   |                 |              |                   |
| Economic Governance  | 16,029,689          | 145,406           | 13,894,639      | -            | 14,040,046        |
| Political Governance and Security | 4,744,252    | 533,064           | 2,990,579       | -            | 3,523,643         |
| Strategic Partnerships and Coordination | 38,197,366  | 175,504           | 35,170,866      | -            | 35,346,370        |
| Corporate Services   | 5,836,772          | 4,339,629         | 788,507         | (2,273,223)  | 2,865,913         |
| Management of the Secretariat | 2,570,342    | 2,155,237         | 258,894         | -            | 2,414,131         |
|                      | **67,378,421**     | **7,348,840**     | **53,054,485**  | **(2,273,223)** | **58,130,103**   |
| Transfer             | -                  | -                 | -               | -            | -                 |
| Foreign exchange gain/(loss) | (3,597,562) | (89,810)          | (2,069,524)     | -            | (2,159,334)       |
| (Deficit)/surplus of income over expenditure | (37,053,662) | (321,457)         | (25,481,616)    | -            | (25,803,074)      |