Programmes and Initiatives:
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who we are</td>
<td>7</td>
</tr>
<tr>
<td>Our Vision, Our Mission</td>
<td>7</td>
</tr>
<tr>
<td>Our Members, Observers &amp; Special Observers and Dialogue Partners</td>
<td>7</td>
</tr>
<tr>
<td>Message from the Outgoing Chair of the Pacific Islands Forum</td>
<td>11</td>
</tr>
<tr>
<td>Message from the Secretary General of the Pacific Islands Forum</td>
<td>12</td>
</tr>
<tr>
<td>Introduction</td>
<td>14</td>
</tr>
<tr>
<td>2018 Performance Achievement</td>
<td>16</td>
</tr>
<tr>
<td>Programmes and Initiatives</td>
<td>20</td>
</tr>
<tr>
<td>Wider Performance Functions</td>
<td>23</td>
</tr>
<tr>
<td>Organisational Management and Reform</td>
<td>24</td>
</tr>
<tr>
<td>Departure of long serving staff</td>
<td>27</td>
</tr>
<tr>
<td>Management team</td>
<td>29</td>
</tr>
<tr>
<td>Audited Financial Statements</td>
<td>31</td>
</tr>
<tr>
<td>Forum Leaders Communiqué</td>
<td>41</td>
</tr>
<tr>
<td>2018 Forum Economic Ministers Meeting</td>
<td>55</td>
</tr>
<tr>
<td>2018 Forum Foreign Ministers Meeting</td>
<td>69</td>
</tr>
</tbody>
</table>
WHO WE ARE
The Pacific Islands Forum Secretariat is mandated through the 2005 Agreement establishing the Pacific Islands Forum to provide policy advice to the Forum and coordinate the implementation of Forum Leaders’ decisions.

The Secretariat is based in Suva, Fiji, and is led by the Secretary General of the Pacific Islands Forum, Dame Meg Taylor of Papua New Guinea. The Secretary General is the permanent Chair of the Council of Regional Organisations in the Pacific (CROP) and the Chair of the Specialist Sub-Committee on Regionalism.

The Secretary General also serves as the Pacific Ocean Commissioner and the Regional Authorising Officer for the European Development Fund.

The Forum Officials Committee (consisting of nominated representatives from all Forum Governments) is the governing body of the Pacific Islands Forum Secretariat. The Forum Secretariat is funded by its member governments through assessed membership contributions, as well as voluntary and extra budget contributions from members and partners.

Our Vision

The vision of the Forum is for a region of peace, harmony, security, social inclusion, and prosperity, so that all Pacific people can lead free, healthy, and productive lives. The Forum seeks to realise this vision through its mission to:

“strengthen regional cooperation and integration … in order to further Members’ shared goals of economic growth, sustainable development, good governance and security”.

The Forum is also united by shared values, which guide all its policy making and implementation. These have evolved over the history of the Forum, with their most recent expression articulated in The Framework for Pacific Regionalism.

Our Mission

We support Forum Members to work together through deeper forms of regionalism in support of sustainable development, economic growth, good governance and security.

We co–ordinate action by states and other stakeholders to achieve these objectives.

Our focus is innovative, game changing initiatives for regional action. We promote an inclusive regional public policy approach to arrive at proposals for Leaders to consider and endorse.

Our role is primarily policy advice, coordination and ensuring the effective implementation of Forum Leaders decisions leading to tangible improvements in the lives of the people of the Pacific. We report annually on our performance against results.

These Pacific regional values will guide all our policymaking and implementation.

Our Members

The Pacific Islands Forum encompasses a diverse range of countries, united by their stewardship of the “Blue Pacific” Ocean Continent, a sea of islands spanning 40 million square kilometers of ocean space.

Starting as an ad hoc meeting of 7 countries in the early 1970s, the Forum has evolved into an established inter-governmental organisation whose 18 members include: Australia, Cook Islands, Federated States of Micronesia, Fiji, French Polynesia, Kiribati, Nauru, New Caledonia, New Zealand, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

Associate membership of the Forum is held by Tokelau, and Wallis and Futuna (approved by the 49th PIF Leaders meeting held in Nauru, in September 2018).
Observers & Special Observers

Observer membership of the Forum is held by America Samoa, the Commonwealth of the Northern Marianas and Guam. Observer membership status is also held by the following groupings or organisations: The African Caribbean Pacific Secretariat, Asian Development Bank, Commonwealth Secretariat, International Organization for Migration, the United Nations, Western and Central Pacific Fisheries Commission and the World Bank Group. Timor Leste is a Special Observer of the Forum.

Dialogue Partners

The Pacific Islands Forum has eighteen dialogue partners: Canada, Peoples Republic of China, Cuba, the European Union, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Malaysia, Philippines, Spain, Thailand, Turkey, United Kingdom and the United States of America.
The full potential of the Blue Pacific to drive sustainable economic growth is not yet fully utilised – we must unlock this economic potential to support the modern development of our countries and people while ensuring good governance, and the sustainable development and management of our Ocean, and conservation of its resources.
I am pleased to present the 2018 Annual Report and audited Financial Statements for the Pacific Islands Forum Secretariat.

First, I start by sharing my sincere thanks to the outgoing Chair of the Pacific Islands Forum, Hon Tuilaepa Aiono Sailele Malielegaoi, the Prime Minister of Samoa. The Prime Minister, as we know, is a one of the great pillars of our region and a leader dedicated to not only the well-being and prosperity of the Samoan people, but of Pacific people across the Blue Pacific continent. We thank you for your guidance and stewardship of regional issues and priorities during the year, and I personally thank you for your support, wisdom and words of advice.

In September 2018, we welcomed His Excellency Hon Baron Waqa, President of Nauru, as Chair. I warmly thank him for Nauru’s work so far in guiding and fostering further progress of the regional project, and to promote the Forum’s vision for a safe and prosperous Blue Pacific.

I also take the time to note and reflect on the challenge, not burden, of the obligations that chairing and hosting our Forum places on our members, especially the smaller countries amongst us. The time and effort put in by your Officials, Parliamentarians, Ministers, Leaders and often ordinary citizens is remarkable. All our members and the Secretariat acknowledge this effort, and the great warmth, grace and resolve with which it is given.

2018 was a remarkable year in the region. The Pacific, like others finds itself dealing with a dynamic and uncertain geopolitical environment. We see traditional partners resetting, new partners emerging and others, who have been notably distant, re-engaging. We find ourselves being talked about as the Asia Pacific, the Indo Pacific, the small Pacific States – we are seen as a strategic, resource rich oceanscape providing valuable connections and resources in a rapidly globalising world.

Our collective response has been to define our place, on our own terms – Our Blue Pacific.

The idea of a Blue Pacific continent, of all of us as Blue Pacific people, and the articulation of the role we have as stewards of this great Ocean that unites us is extremely powerful. The Blue Pacific concept continued to bloom in 2018, giving us a collective identity, a sense of place and a way to promote and underpin our solidarity as a strong, independent grouping of sovereign nations.

Nauru’s successful hosting of the 2018 Pacific Leaders Meeting was a highlight of the year. Led by President Waqa and his entire nation, the 49th Meeting of the Forum was a focused, highly-organised and very memorable occasion infused with Pacific warmth and Nauruan hospitality. The theme chosen by Nauru “Our Islands, Our People, Our Will” was prescient and extremely helpful in guiding discussions and decision-making, which culminated in a Communiqué genuinely reflecting the views of all our members.

These processes we have for working together are very important and should never be taken for granted. Our Blue Pacific solidarity and resolve to work together as a collective will be tested in the years to come. External pressures abound – political, environmental, economic and social change is frequent and rapid – and at the same time we are in the fight of our lives against climate change.

The Boe Declaration, signed by all Forum Leaders at the meeting in Nauru, articulates this great challenge, simply and powerfully:

“climate change remains the single greatest threat to the livelihoods, security and well-being of the peoples of the Pacific.”
The Boe Declaration stands on the shoulders of Biketawa, and on all the occasions when the Forum has come together, action-orientated, for the security of Pacific peoples – such as the Treaty of Rarotonga, RAMSI, and now, our unified voice demanding global action on climate change. I am extremely proud of the extensive public policy process undertaken to develop the Boe, especially the commitment shown to inclusion and genuine consultation with stakeholders.

The Secretariat led this process, and I give my thanks to the staff involved for their dedication to working with Forum Members to achieve a regional statement of such import, and to their focus now on implementation.

A focus on action and implementation was a theme for many of our discussions during the year. The Economic Ministers Meeting (FEMM) held in Palau focused on the need to progress work on the Pacific Resilience Facility, in order to have a genuinely Pacific-owned, led and designed finance option available to Forum Members. Foreign Ministers met in Apia, Samoa in August and had remarkable discussions on geo-political issues, including the need for Forum Members to navigate these, collectively and bilaterally, on our own terms - as masters of our own Blue Pacific destiny. We also hosted a very successful Forum Education Ministers meeting, as part of an extremely busy regional calendar.

CROP effort is covered by its own extensive Annual Report, and those of the individual CROP agencies. But it would be remiss as Chair of CROP not to commend CROP Heads leadership and continued effort to implement the priorities of our Leaders and contributions to achieving the sustainable development aspirations of the region.

A significant achievement in 2018 was the presentation of the first Quadrennial Pacific Report on Sustainable Development in the Pacific. This impressive report analyses and assesses the Pacific’s progress against the 2030 Agenda and the Sustainable Development Goals (SDGs), SAMOA Pathway and other key global instruments. It is the region’s first attempt to report globally achievements towards sustainable development at a regional level.

The findings of the report are mixed, with some extremely concerning statistics especially in the areas of environment, the ocean, NCDs and the role of women in the Pacific. But there is forward momentum, and we now have a baseline for tracking progress over the coming decade. I commend all those who worked on this report and entreat all our Members to continue their work on achieving their national sustainable development plan objectives and priorities.

Reform and organisational development work continued at pace within the Secretariat during 2018, many of these culminating in successful Forum Official Committee (FOC) meetings in July and December. Highlights included the advancement and “bedding-in” of the sub-committee process for Secretariat and PIF priorities including the work towards the agreement of the Sustainable Funding Strategy which ensures the core operations of the Forum and its Secretariat are funded mainly by Forum Island Member countries. The Secretariat has commenced work to implement the decision, and the revised membership assessments have been incorporated into the 2019 Budget and out-year forecasts.

The audited Financial Statements presented in this Report demonstrate careful management of the Secretariat’s resources, and I thank the FOC and our auditors for their thoroughness, and my management team and staff for their diligence.

Finally, I want to close by once again emphasising the importance of our work, and the need for us to remain steadfast to our ideals of the Blue Pacific collective. Whether we are from palm-fringed atolls of the North, the rugged highlands of the West, the lush islands of the East or the snow-capped peaks of the South, we are strong Pacific peoples. But we are even stronger together.

Dame Meg Taylor
INTRODUCTION

For almost five decades, the countries of the Pacific have addressed common interests through a variety of regional, approaches. The motivation for this is simple: we know that we can achieve more together, than alone.

A political community of 18 independent states and self-governing territories, the Pacific Islands Forum seeks to address the challenges and opportunities that face the Pacific through political dialogue and decision-making. The Pacific Islands Forum Secretariat supports the Leaders of the Pacific Islands Forum through the Secretary General, to utilise regional action to realise the Leaders vision for the Pacific region.

The Forum is also united by shared values, which guide all its policy making and implementation. These have evolved over the history of the Forum, with their most recent expression articulated in The Framework for Pacific Regionalism.

The Framework for Pacific Regionalism

The Framework commits Leaders to:

“working together to address our common challenges, harness shared strengths and ensure that our individual and collective advancements bring practical benefits to all Pacific peoples.”

The Framework for Pacific Regionalism recognises the need for a new, inclusive and game-changing approach to Pacific regionalism, that enables Leaders to lead and navigate the Pacific through the global and regional geopolitical forces that impact our region’s ability to realise the unmet development needs of Pacific Islands peoples.

Through the Framework, Leaders recognise that Pacific Regionalism now and into the future must be adaptive, innovative, inclusive and most importantly, it must positively impact the lives of Pacific people.

In support of the realisation of the Leaders’ vision, The Framework for Pacific Regionalism identifies four principal and enduring objectives:

• Sustainable development that combines economic social, and cultural development in ways that improve livelihoods and well-being and use the environment sustainably;
• Economic growth that is inclusive and equitable;
• Security that ensures stable and safe human, environmental and political conditions for all; and,
• Strengthened governance, legal, financial, and administrative systems.
The Context for Pacific Regionalism

The global and regional geopolitical and development context is shifting and the region is faced with a range of external and internal factors that are acting to reshape it. Such factors impact on the Forum’s ability to advance the Leaders vision for the region and achieve the objectives of *The Framework for Pacific Regionalism*.

**The region faces some enduring challenges:**

- Ongoing vulnerabilities to environmental and economic shocks;
- Continued dependencies on aid and external financing;
- Low levels of economic growth;
- Stubborn levels of poverty and rising inequalities;
- Structural constraints, generally recognised in issues such as distance from markets, small productive base, and high transport costs.

**Interacting with these vulnerabilities and constraints is a changing global and regional context, including:**

- Emerging tendencies towards populism and nationalism;
- Challenges to multilateralism, including willingness to withdraw from regional political groupings, from multilateral trade and other agreements, and increased preferences for bilateral actions;
- Rising inequalities causing social and political instability and undermining development;
- Increased number of political actors and donors in the Pacific;
- Challenges to the stability of the global rules-based order and competition between Pacific Rim major powers;
- Continued degradation of, and contestation for, natural resources.

**However, global and regional developments are also raising new opportunities for the Pacific region to explore, such as:**

- Increased political attention on the role of oceans in development;
- Advances in technology that can enable the region to overcome limitations of distance;
- A set of agreed values that underpin Pacific regionalism, including the cultural values that help guide the region;
- New global frameworks and methodologies for valuing the immense ecosystems and biodiversity of the Pacific;
- Shifts in the global power and with globalisation;
- Significant increased investment by the multilateral development institutions in the Pacific.
2018 PERFORMANCE ACHIEVEMENTS

49th Pacific Islands Forum

The 49th Pacific Islands Forum Leaders Meeting was hosted by the Government of Nauru from 3 – 6 September, 2018. The theme of the Forum was "Building a Strong Pacific – Our People, Our Islands, Our Will."

The theme, the discussions, and decisions generated were based on a continued commitment by Forum Leaders to act as one Blue Pacific continent. Leaders’ week continues to be the premier political occasion for the region and during their time in Nauru, Leaders participated in a range of meetings and discussions, including: the Small Islands States Leaders meeting; PACP Leaders Meeting; and, the Forum Leaders dialogue sessions with Civil Society, Private Sector, Forum Dialogue Partners, Observers and Associate Members, and Council of Regional Organisations of the Pacific (CROP) Heads. These dialogue sessions provided the opportunity for interaction between Leaders and key stakeholders on key issues that formed part of the Forum agenda, and speak to the Forum’s ongoing work on inclusivity and engagement.

The Forum Leaders Retreat, held on Wednesday 6 September, was chaired by the Honourable Baron Divavesi Waqa, President of Nauru. Leaders discussed a number of key policy issues, including regional security, climate change and disaster resilience, ocean governance, and childhood obesity and non-communicable diseases. In addition, Leaders adopted the PIFS Sustainable Funding Strategy, which will ensure equitable and sustainable member ownership of their Secretariat.

The Retreat culminated in the endorsement and signing of The Boe Declaration on Regional Security. This represented a significant milestone, and builds upon the regional solidarity on security issues established in the Biketawa Declaration endorsed by Leaders in 2000. The Boe Declaration includes a particularly important statement regarding the threat of climate change, which states:

"We reaffirm that climate change remains the single greatest threat to the livelihoods, security and wellbeing of the peoples of the Pacific and our commitment to progress the implementation of the Paris Agreement"

The Boe Declaration was well received by stakeholders and has been adopted by the Secretariat as a “standard” for regional public policy development and consultation processes moving forward.

All decisions emerging from the Forum Leaders Retreat are in the 49th Pacific Islands Forum Communiqué, which is included in full in this report, with Wallis and Futuna agreed as Associate member.
3rd Forum Foreign Ministers Meeting

The 3rd Forum Foreign Ministers Meeting (FFMM) was held in Apia, Samoa on 8 August, and was chaired by the Honourable Tuilaepa Aiono Sailele Malielegaio, Prime Minister of Samoa.

In support of a streamlined and strategic Forum agenda, and building on the Blue Pacific narrative, the meeting involved a strategic discussion on the theme for the 2018 Pacific Islands Forum Leaders meeting – ‘Building a Strong Pacific: Our People, Our Islands, Our Will’, particularly with regards to the current geopolitical environment, and the opportunities and challenges this presents for the Pacific region. Foreign Ministers emphasised the need for the Pacific to act now, and to act collectively, to drive the Pacific’s own political and development ambitions and aspirations.

Recalling the 2017 commitment to strengthen collective diplomacy, to advance the Leaders’ vision and priorities for the Pacific region, Forum Foreign Ministers endorsed a *Strategy for Pacific Islands Forum International Engagement and Advocacy*. Foreign Ministers approved, under the Strategy, four priorities for strengthened international advocacy and engagement in 2019, being: climate change and resilience; sustainable ocean management, use and conservation; regional security; and the 2030 Agenda, including the S.A.M.O.A. Pathway. Forum Foreign Ministers also considered, contributed to and commended the endorsement of key Forum initiatives ahead of their consideration by Forum Leaders in Nauru - including the ‘Biketawa Plus Declaration’ (now known as *The Boe Declaration*); securing the Pacific region’s maritime boundaries; a new aerial surveillance programme for the region; and Wallis and Futuna’s application for Associate Membership of the Forum.

21st Forum Economic Ministers Meeting

The 21st Forum Economic Ministers Meeting (FEMM) was convened from 26 – 27 April, in Koror, Palau. Economic Ministers deliberated on issues facing Pacific Island economies based on the theme ‘Building Economic Resilience of the Pacific Island Countries through Sustainable Financing Flows’. Key issues discussed by the Economic Ministers included:

- The Pacific Resilience Facility;
- Climate Change and Disaster Risk Finance;
- Co-Investment on Infrastructure Development in the Pacific; and,
- Pacific Islands Climate Change Insurance Facility (PICCIF).

The Ministers’ meeting was followed by a Dialogue between Economic Ministers, and the Private Sector and Civil Society Organisations, as well as the inaugural roundtable meeting with Development Partners.

In line with the FEMM Charter, the next two meetings of the Forum Economic Ministers, in 2019 and 2020, will be held at the Forum’s Headquarters in Suva, Fiji.

All decisions arising from the 2018 FEMM are available in the 2018 FEMM Outcomes Statement and are included in full, in this report. This includes the Outcomes of the Joint Dialogue of Economic Ministers, the Private Sector and Civil Society Organisations, as well as the inaugural Development Partners Roundtable with Ministers.

2018 Forum Education Ministers Meeting

The Forum Education Ministers (FEdMM) met on 24 May, in the Republic of Nauru, and was held in conjunction with the meeting of the University of the South Pacific (USP) Council. Ten member countries (including associate member Tokelau) were represented at ministerial-level, while the remainder were represented by senior officials.

The main focus of the 2018 FEdMM was on the endorsement of the new regional education framework, *the Pacific Regional Education Framework* (PacREF). The Pacific Heads of Education Systems Small Working Group (PHES SWG), who were tasked by their colleagues in 2015 to develop the new regional education framework presented it to Ministers for their consideration and endorsement.

In their deliberations, Ministers endorsed in principle the new Framework and requested the Forum Secretariat to develop a Terms of Reference for its governance structure, to be circulated out-of-session, for approval. The PacRef was formally circulated with the recommendation for USP to be responsible for the coordination of its implementation, as well as organising future meetings of Education Ministers.
UNFCCC 24th Session of the Conference of Parties (COP 24)

COP 24 held from 2 -14 December in Katowice, Poland, provided a good opportunity to promote the Framework for Resilient Development in the Pacific (FRDP) and its innovative role in driving risk management considerations for all resilient and sustainable development initiatives.

The Secretariat also facilitated two negotiation training opportunities for Pacific women, in partnership with the Women’s Environment & Development Organisation (WEDO) and DFAT.

Technical support was provided to Forum Island Countries during the UNFCCC meetings in Bonn (May, 2018), Bangkok (September, 2018), and the Pacific Pre-COP meeting held in Nadi in late October. Specific policy advice and support was provided to Forum Island Countries on climate finance at the COP24.

8th Pacific Islands Leaders Meeting (PALM 8)

The 8th Pacific Islands Leaders Meeting with Japan (PALM 8) was held on 18-19 May 2018 in Iwaki-City, Japan, with a pre-PALM 8, Senior Officials Meeting (SOM) held on 15 March in Tokyo. Occurring triennially, PALM is a meeting between Japan’s Prime Minister and Pacific Island Forum Leaders.

All Forum Members, with Samoa as Forum Chair, and with the support of the Secretariat and CROP agencies attended. Forum members took a considered and comprehensive approach in preparing for PALM 8, with seven preparatory meetings held in the lead up to the Leaders’ meeting. This approach was designed to identify and progress Pacific priorities for PALM 8, and to ensure a cohesive and collective approach to the meeting, based on the Blue Pacific narrative.

The high level of participation from Members, supported by CROP agencies, at the PALM 8 meeting resulted in the achievement of Pacific priorities for the meeting namely promoting the Blue Pacific narrative and approach; seeking stronger action on climate change; acknowledging the need to strengthen sustainable ocean management and conservation including addressing marine debris and pollution in the ocean from World War II shipwrecks; garnering support for the Pacific’s ‘zone based management’ approach to fisheries; and, strengthening consultation and cooperation on PALM, including a commitment to look at hosting a future inter-ministerial level meeting in the Pacific region.

The solidarity and collectivism of Forum Members at PALM 8 demonstrated the benefits and potential of strengthened Forum international advocacy and engagement.
PACER Plus

At their fortieth meeting in Cairns, Australia in August 2009, Pacific Islands Forum Leaders launched the PACER Plus negotiations with a view to designing a forward looking agreement that would assist the Forum Island Countries to achieve economic growth and sustainable development, and enhance their participation in international trade through deeper trade and economic cooperation between themselves, and Australia and New Zealand.

In September 2015 at the 46th PIF meeting held in Papua New Guinea, Leaders further renewed their commitment to the PACER Plus negotiations as an instrument for promoting regional integration in the Pacific. On 20 April 2017 fourteen negotiating parties concluded negotiations on the legal text and market access of the PACER Plus.

It is a landmark trade and development agreement for the Pacific region. There are currently eleven signatories (Australia, Cook Islands, Kiribati, Nauru, New Zealand, Niue, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu), who in addition to signing PACER Plus, have signed an accompanying Labour Mobility Arrangement.

New Zealand became the first PACER Plus signatory country to ratify PACER Plus on 24 October 2018. In December 2018 Australia also ratified PACER Plus. The remaining nine signatories are currently focused on progressing towards ratification of PACER Plus to allow its entry into force as soon as possible.

Election Monitoring

In 2018, the Forum Secretariat supported successful PIF election observation missions in French Polynesia, Cook Islands, New Caledonia and Fiji.

The 2018 Forum Foreign Ministers meeting agreed that the Forum would have a standing invitation to observe all national elections of Forum members, subject to a formal invitation from the host country election observation. It is an opportunity to build rapport and capacity amongst the Forum’s election management bodies, government ministries and institutions.

The nature of each observation mission differ, given the size and electoral context of each country. This Forum initiative is premised on the respect for national laws and context and a reflection of the Forum’s commitment to The Biketawa Declaration, as well as the Forum’s Principles of Good Leadership which articulate the Forum’s commitment to the upholding of democratic processes and institutions.
PROGRAMMES AND INITIATIVES:

IMPLEMENTATION AND REPORTING ON OTHER LEADERS/MINISTERS’ MANDATES

Pacific Resilience Facility (PRF)

The key objective of the Pacific Resilience Facility (PRF) is to build resilience of Forum Islands countries, through upfront investment in preparedness to reduce the impacts from natural hazard risk and climate change, including to minimise future loss of lives, displacement of people, and extensive economic losses. The PRF’s objective also reflects Forum Islands countries national development priorities to better absorb economic, social and environmental shocks and stresses through risk-informed and resilient development initiatives.

The Secretariat carried out extensive consultations with Forum Members, development partners, multilateral development banks, and relevant technical experts on the PRF from December 2017 - February 2018, with guidance and support of the FEMM Troika and a technical working group (TWG). The PRF proposal was then tabled and endorsed by Economic Ministers at the 2018 FEMM held in Palau, in April 2018. The Ministers noted that technical work to establish the PRF will be required, and supported the next phase of technical analysis and assessments for establishing and operationalising the PRF, with expectation of continued close oversight and guidance from the FEMM Troika and the Technical Working Group.

The 2018 FEMM also formalised the Technical Working Group to comprise the existing members (Cook Islands, Samoa, Palau, Fiji and New Zealand) and the proposal be considered by Leaders at the 49th Pacific Islands Forum in Nauru.
Terms of Reference for the next phase of work commenced in November 2018, with details such as, operational structure, governance arrangement and products, expected to be considered by the Economic Ministers at the next FEMM, scheduled for May 2019, in Suva, Fiji.

Security

At their 2017 meeting in Apia, Samoa, Leaders endorsed the development of a ‘Biketawa Plus’ security declaration that would recognise an expanded concept of security, and directed the Secretariat to undertake consultations and develop a new regional security declaration for their consideration at their 49th meeting in Nauru, 2018. The Secretariat undertook extensive consultations with Members, CROP, regional law enforcement and legal secretariats, civil society and the public through online submission platforms, questionnaires and face to face consultations.

A policy paper titled *Biketawa Plus – Towards a Comprehensive Regional Security Declaration* was developed, based on the consultation process. It was considered by a Reference Group of Pacific Experts and Members during the Regional Workshop on Biketawa Plus in mid-June 2018.

The outcomes of the Members workshop was used to develop a draft declaration which was then taken through Forum processes resulting in the endorsement of the *Boe Declaration on Regional Security*, by Leaders in Nauru, and directives for the development of an Action Plan, by November 2018.

In October 2018, the Secretariat circulated a consultation paper to assist Members and the Secretariat to develop an action plan for implementing *The Boe Declaration on Regional Security*. To support the development of this, a Members workshop was convened on 26 November 2018 with the intention of developing a framework for implementation, to be further consulted with Members in early 2019 for consideration by the Forum Troika in mid-2019.
Sustainable Development

As the Chair of the CROP and the CROP Sustainable Development Working Group, the Secretariat led and worked closely with member countries, CROP and UN agencies, and development partners to coordinate regional efforts to implement *The Pacific Roadmap for Sustainable Development (PRSD)*, endorsed by Pacific Islands Forum Leaders in September 2017. Two key priorities for 2018 were the development of the first *Quadrennial Pacific Sustainable Development Report (PSDR)*, and providing joint regional support to the Republic of Kiribati for their Voluntary National Review for the 2030 Agenda and SDGs.

The Quadrennial PSDR, and SDG progress wheels were endorsed by Leaders at their meeting in Nauru, and tabled at the UN General Assembly in September. In doing so the Pacific became the only region globally to report on SDG progress at a regional level, and continues to lead the way on regional approaches to SDG localisation, peer-to-peer learning, innovation and accelerated implementation.

Small Islands States Strategy

The *Smaller Island States (SIS) Strategy* remains a demonstration of political cohesion amongst the SIS member states against their stated areas of priority. The SIS has become a model for deeper regionalism by focusing on achieving mutual nationally-derived benefits through collective and collaborative effort. Successful implementation of the Strategy is therefore dependent on the ownership and combined efforts of SIS governments and all other Pacific stakeholders at large, working in partnership.

In 2018, the Secretariat progressed work in the priority areas of labour mobility, fisheries, upper airspace and air/sea transportation. Additionally, in terms of climate change, SIS Leaders agreed to (i) infrastructure resilience, (ii) sustainable transport, and (iii) climate change insurance facility as the three priority thematic areas for joint SIS proposals to the Green Climate Fund (GCF).
WIDER FUNCTIONS

Regional Authorising Officer

The last 12 months have seen significant progress with the programming of 11th European Development Fund (EDF) Pacific Regional Indicative Programme (PRIP). Commitment of EU funds follows a two stage process of signature of the Financing Agreements, which is the overall legal document committing the international organisation and the European Union to finance the programme. Once the Financing Agreement has been signed, the funds are to be ‘committed’ within two calendar years, by signature of a Delegation or Co-Delegation Agreement. “Pillar Assessed” International Organisations are allowed to use their own procedures for Implementation.

Progress during this year included signature of a financing agreement of €17 million PACWASTE PLUS led by SPREP as the Lead Agency. Other delegation agreements signed this year included the Elimination of Violence against Women (led by UN Women), Technical Cooperation and Capacity Building Facility (led by ORAO) and the Pacific –European Union Marine Partnership (led by SPC), and Public Finance Management (PFM)

Key meetings held this year included the Pacific Regional Steering Committee (PRSC) held on 8 – 9 February, chaired by Secretary General Meg Taylor as Regional Authorizing Officer (RAO) and Pierre Amilhat, Director for International Cooperation, Asia, Middle East/ Gulf and the Pacific. Additionally, the Clean Pacific Round Table (CPRT) was held on August 20 – 25, where a keynote speech was given by the Prime Minister of Fiji, the Honorable Josaia Voreqe Bainimarama.

Office of the Pacific Ocean Commissioner

To support its key deliverables, the Office of the Pacific Ocean Commissioner (OPOC) was provided funding by Australia and New Zealand to support three full-time staff including an Ocean Analyst and Manager, Ocean Communication Officer and an Ocean Management Officer.

Since taking up office, these staff have carried out substantive consultations with an extensive number of stakeholders including Governments, Regional and International Organisations, Civil Society and Non-Government Organisations who comprise the Pacific Ocean Alliance (POA), which is facilitated by the Pacific Ocean Commissioner (the incumbent PIF Secretary General), on how best to proceed with the work of the OPOC and accelerating coordinated action on regional ocean policies and priorities. This has included reviewing existing M&E and reporting processes related to the Framework for Pacific Oceanscape, Declarations, Voluntary Commitments to UN 2017 Ocean Conference and the progress of SDG14 implementation.

In August, OPOC led regional preparations through the coordination and mobilisation of CROP and accelerating coordinated action on regional policies and priorities. This has included Pacific Ocean Alliance (POA) partners to provide technical advice and support for Member delegations during the 1st session of the BBNJ Intergovernmental Conference (IGC) held at the UN Headquarter in New York from 4 – 17th September 2018. Moving forward and in preparation for IGC 2 in March 2019, OPOC will convene a workshop in January 2019.

The first issue of the OPOC BBNJ Newsletter series was launched, and supported the Pacific Blue Carbon Workshop and the 3rd Annual International Partnership for Blue Carbon in partnership with the Australian Government and Conservation International at the Pacific Island Forum Secretariat from 18 – 21 Sept 2018.

OPOC also convened a side-event at the 49th PIF Leaders meeting in Nauru to facilitate engagement with the media.

The office will also facilitate consultation on lead-up process towards the UN Ocean Conference in Lisbon, Portugal and Our Ocean Conference in Palau, both in 2020. Consultation and online surveys to gauge stakeholder feedback to the design and content of the OPOC Website is on-going, with the website anticipated to go live in 2019.
ORGANISATIONAL MANAGEMENT

Organisational reforms

Support of FOC Sub-Committees

- The Secretariat has continued to work closely with the Audit and Risk Sub-Committee (ARSC), the Sub-Committee on Prioritisation and Funding (SCPF) and the Remuneration Sub-Committee (RemSC). It has supported four meetings of the ARSC, two meetings of the SCPF and four meetings of the RemSC in 2018.

- The Secretariat commenced development of its monitoring and evaluation (M&E) framework and engaged ArcEconomics to assist it with this work. This project will engage PIFS managers and staff in developing and implementing enhanced monitoring and evaluation processes. The initial focus of the M&E work is on one area will be on Increasing Economic Prosperity (Strategic outcome C in the PIFS statement of intent) with the expectation that the learning will be transferable or adaptable to areas within the Secretariat’s portfolio of responsibilities.

- FOC finalised its recommendations for Forum Leaders on the Sustainable Funding Strategy in December 2018. The strategy was approved by Forum Leaders on 5 September. The adoption of the Strategy will provide a sustained, steady increase in assessed membership contributions, which will stabilise budget income and help addresses the structural budget and financial challenges that have become apparent in the last 5 years. The Secretariat has commenced work to implement the decision, and the revised membership assessments have been incorporated into the 2019 Budget and out-year forecasts.

- The Secretariat has been reviewing and reforming its extra budget approval processes to ensure that identified risks are properly managed in the negotiation and signature phases. It has developed a five-phase life-cycle approach to monitoring extra budget funding that comprises:
1. Identification of donors & their priorities;
2. Project/programme planning and negotiation
3. Funding documents clearance and signature
4. Funding and implementation of the Project/Programme
5. Wind up

As part of its next phase of its corporate reforms the Secretariat is undertaking a business process improvement programme. The desired outcomes of this corporate initiative is to have processes and systems that:

- are simplified and streamlined;
- are automated;
- enable information checks to be done automatically;
- allow business information to be pulled from systems on demand.

The Secretariat unveiled its new, refreshed website in April 2018. This website provides a comprehensive repository of Secretariat documents and is a key component in the Secretariat’s revitalised communications strategy to promote forum meetings, the Blue Pacific’s prioritised agenda, and The Framework for Pacific Regionalism. Its responsive format is more suitable for reading with handheld devices.

The Secretariat conducted regular reviews of its performance against its Key Results Framework, reviewing progress against objectives as these are stated across individual KRAs, expenditure, and risk management. Three such review took place in 2018; 21-23 May; 25-26 September; and, from 2-5 December, 2018.
Clean Pacific participants at the Secretariat, Suva, Fiji
DEPARTURE OF LONG SERVING STAFF

Several long standing Secretariat staff completed their tenure in 2018;

- Jioji Boila retired after serving six Secretary Generals as the official driver for 28 years
- The following staff departed the Secretariat after completing nine years service to the region:
  - Alfred Schuster – Development Corporation Adviser
  - Lorraine Kershaw – International Legal Adviser
  - Steven Francis – Law Enforcement Capacity Development Officer
Management Team
Audited Financial Statements 2018
Secretary General’s Statement

I am pleased to present the Secretariat’s financial statements and independent auditors’ report for the year ended 31 December 2018.

During the year, we expended FJD39m, while our total cash and investment holdings at year end amounted to FJD30m.

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 2018 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 2018;

(b) the accompanying 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 2018;

(c) the accompanying statement of changes in funds is drawn up so as to give a true and fair view of the movement in funds of the Secretariat for the year ended 31 December 2018; and

(d) the accompanying statement of cash flows is drawn up so as to give a true and fair view of the cash flows of the Secretariat for the year ended 31 December 2018.

Dated at Suva this 24 day of April 2019

Meg Taylor, DBE
Secretary General
Independent Auditor’s Report

To the Members of Pacific Islands Forum Secretariat

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Pacific Islands Forum Secretariat (the ‘Secretariat’), which comprise the statement of financial position as at 31 December 2018, and the general fund statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Secretariat as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Secretariat in accordance with the ethical requirements of the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements in Fiji, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

Members and management are responsible for the other information. The other information comprises the information included in the Secretariat’s Annual Report for the year ended 31 December 2018 (but does not include the financial statements and our auditor’s report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard, except that not all other information was available to us at that date of our signing.

Responsibilities of Members and Management for the Financial Statements

Members and management are responsible for the preparation and fair presentation of the financial statements 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.

In preparing the financial statements, the members and management are responsible for assessing the Secretariat’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members and management either intend to liquidate the Secretariat or to cease operations, or have no realistic alternative but to do so.

The members and management are responsible for overseeing the Secretariat’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit 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 Secretariat’s internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members and management.
• Conclude on the appropriateness of the members and managements use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Secretariat’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Secretariat to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with members and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on Use

This report is made solely to the Secretariat’s Members, as a body. Our audit work has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Secretariat and the Members as a body, for our audit work, for this report, or for the opinions we have formed.

PricewaterhouseCoopers
Chartered Accountants

Kaushick Chandra

29 April 2019
Suva, Fiji
# GENERAL FUND STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 FJD</th>
<th>2017 FJD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from Members</td>
<td>5,057,820</td>
<td>5,057,820</td>
</tr>
<tr>
<td>Interest income</td>
<td>241,547</td>
<td>144,001</td>
</tr>
<tr>
<td>Recoveries income</td>
<td>1,637,650</td>
<td>1,615,850</td>
</tr>
<tr>
<td>Administration fees received</td>
<td>978,590</td>
<td>604,721</td>
</tr>
<tr>
<td>Other income</td>
<td>12,557,207</td>
<td>12,932,658</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>20,472,814</strong></td>
<td><strong>20,355,050</strong></td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Governance</td>
<td>4,022,630</td>
<td>4,007,666</td>
</tr>
<tr>
<td>Political Governance and Security</td>
<td>2,448,483</td>
<td>2,379,321</td>
</tr>
<tr>
<td>Strategic Partnerships and Coordination</td>
<td>3,227,114</td>
<td>3,107,220</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>6,749,614</td>
<td>5,710,443</td>
</tr>
<tr>
<td>Management of the Secretariat</td>
<td>4,108,060</td>
<td>3,472,091</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>20,555,901</strong></td>
<td><strong>18,676,741</strong></td>
</tr>
<tr>
<td><strong>(Deficit)/Surplus of income over expenditure</strong></td>
<td><strong>(476,561)</strong></td>
<td><strong>1,342,832</strong></td>
</tr>
</tbody>
</table>

This statement and the accompanying notes to and forming part of the financial statements can be found on the PIFS website: [www.forumsec.org](http://www.forumsec.org)
Statement of Financial Position As at 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 FJD</th>
<th>2017 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>6</td>
<td>26,316,269</td>
</tr>
<tr>
<td>Held-to-maturity investments</td>
<td>7</td>
<td>3,869,873</td>
</tr>
<tr>
<td>Inventories</td>
<td>8</td>
<td>11,362</td>
</tr>
<tr>
<td>Receivables – Members</td>
<td>9</td>
<td>427,930</td>
</tr>
<tr>
<td>Other receivables and prepayments</td>
<td>10</td>
<td>183,554</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td><strong>30,808,988</strong></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>11</td>
<td>5,965,033</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>12</td>
<td>17,013</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td><strong>5,982,046</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td><strong>36,791,034</strong></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current payables and accruals</td>
<td>13</td>
<td>3,019,118</td>
</tr>
<tr>
<td>Provisions</td>
<td>14</td>
<td>301,043</td>
</tr>
<tr>
<td>Contributions received in advance – Trust Fund</td>
<td>15</td>
<td>19,076,876</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td><strong>22,397,037</strong></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td><strong>22,397,037</strong></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td><strong>14,393,997</strong></td>
</tr>
<tr>
<td><strong>Accumulated and reserve funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General fund</td>
<td></td>
<td>10,877,043</td>
</tr>
<tr>
<td>Exchange translation reserve</td>
<td></td>
<td>(628,608)</td>
</tr>
<tr>
<td>Capital reserve</td>
<td></td>
<td>4,145,562</td>
</tr>
<tr>
<td><strong>Total accumulated and reserve funds</strong></td>
<td></td>
<td><strong>14,393,997</strong></td>
</tr>
</tbody>
</table>

This statement and the accompanying notes to and forming part of the financial statements can be found on the PIFS website: [www.forumsec.org](http://www.forumsec.org)
### STATEMENT OF CHANGES IN FUNDS

For the Year Ended 31 December 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</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>10,960,130</td>
<td>9,281,821</td>
</tr>
<tr>
<td>(Deficit)/Surplus of income over expenditure</td>
<td>(476,561)</td>
<td>1,342,832</td>
</tr>
<tr>
<td>Transfer to Exchange Translation Reserve</td>
<td>393,474</td>
<td>335,477</td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td>10,877,043</td>
<td>10,960,130</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>(235,134)</td>
<td>100,343</td>
</tr>
<tr>
<td>Transfer (from) General Fund</td>
<td>(393,474)</td>
<td>(335,477)</td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td>(628,608)</td>
<td>(235,134)</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>4,311,963</td>
<td>4,539,287</td>
</tr>
<tr>
<td>Purchase of Trust Fund assets</td>
<td>95,953</td>
<td>23,755</td>
</tr>
<tr>
<td>Depreciation on PPE used for Projects</td>
<td>(262,354)</td>
<td>(251,079)</td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td>4,145,562</td>
<td>4,311,963</td>
</tr>
</tbody>
</table>

This statement and the accompanying notes to and forming part of the financial statements can be found on the PIFS website: [www.forumsec.org](http://www.forumsec.org)
Statement of Cash Flows, For the year ended 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 FJD</th>
<th>2017 FJD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from Members</td>
<td>5,058,072</td>
<td>5,780,266</td>
</tr>
<tr>
<td>Trust Fund income</td>
<td>27,113,432</td>
<td>25,522,176</td>
</tr>
<tr>
<td>Programme and project costs</td>
<td>(20,661,846)</td>
<td>(22,703,924)</td>
</tr>
<tr>
<td>Other operational costs</td>
<td>(16,499,884)</td>
<td>(15,434,609)</td>
</tr>
<tr>
<td>Interest received</td>
<td>247,662</td>
<td>159,131</td>
</tr>
<tr>
<td>Rent and other income</td>
<td>193,534</td>
<td>189,494</td>
</tr>
<tr>
<td>Realised exchange loss</td>
<td>(20,044)</td>
<td>(92)</td>
</tr>
<tr>
<td><strong>Net cash flow (used in) operating activities</strong></td>
<td>(4,569,074)</td>
<td>(6,487,558)</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>74,329</td>
<td>-</td>
</tr>
<tr>
<td>Payments for property, plant and equipment</td>
<td>(340,840)</td>
<td>(229,053)</td>
</tr>
<tr>
<td>Movement in held to maturity investments</td>
<td>(1,572,676)</td>
<td>(27,581)</td>
</tr>
<tr>
<td><strong>Net cash flow used in investing activities</strong></td>
<td>(1,839,187)</td>
<td>(256,633)</td>
</tr>
<tr>
<td>Effect on exchange rate changes</td>
<td>(217,042)</td>
<td>(847,012)</td>
</tr>
<tr>
<td><strong>Net (decrease) in cash held</strong></td>
<td>(6,625,303)</td>
<td>(7,591,203)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>32,941,572</td>
<td>40,532,775</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the year</strong></td>
<td>26,316,269</td>
<td>32,941,572</td>
</tr>
</tbody>
</table>

This statement is to be read in conjunction with the accompanying notes to and forming part of the financial statements posted on the PIFS website: [www.forumsec.org](http://www.forumsec.org)
2018 - Forum Leaders Communiqué

FORTY-NINTH PACIFIC ISLANDS FORUM

Yaren, Nauru
3 – 6 September, 2018
The Forty-Ninth Pacific Islands Forum (PIF) was held in Yaren, Nauru from 3 – 6 September 2018 and was attended by Heads of State, Government, and Territories from the Cook Islands, Federated States of Micronesia, French Polynesia, the Republic of Kiribati, the Republic of the Marshall Islands, the Republic of Nauru, New Caledonia, New Zealand, Niue, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Australia was represented by its Minister of Foreign Affairs, the Republic of Fiji was represented by the Minister of Trade, Industry and Tourism, Palau by its Minister of State, and Papua New Guinea by its Minister of Foreign Affairs and Trade. The Forum Leaders’ Retreat was held at the Nauru Learning Village, Yaren, Nauru.

2. Tokelau attended the formal session as an Associate Member. Timor-Leste, Wallis and Futuna, the Asian Development Bank, the Commonwealth Secretariat, the United Nations (UN), the Western and Central Pacific Fisheries Commission (WCPFC), the International Organization for Migration and the World Bank attended as Observers. The Council of Regional Organisations in the Pacific (CROP): the Pacific Islands Forum Fisheries Agency (PIFFA); the Pacific Aviation Safety Office (PASO); the Pacific Islands Development Program (PIDP); the Pacific Power Association (PPA); the Secretariat of the Pacific Community (SPC); the South Pacific Tourism Organisation (SPTO); the Secretariat of the Pacific Regional Environment Programme (SPREP); and the University of the South Pacific (USP) were represented by their respective Heads of Organisations and senior officials. Forum Leaders also welcomed the opportunity to engage with the broader Forum family, including Forum Dialogue Partners, civil society and the private sector.

3. Forum Leaders expressed their appreciation to the President of Nauru, the Government and the people of Nauru for the warm hospitality extended to all delegations. Leaders’ commended the preparations and facilitation of the 2018 Leaders’ and related meetings, which enabled Leaders and all participants to hold constructive discussions, and contributed to the overall success of the 49th Pacific Islands Forum.

BUILDING A STRONG PACIFIC – OUR PEOPLE, OUR ISLANDS, OUR WILL

4. Leaders congratulated the Government of Nauru for the 49th PIF Leaders’ meeting theme, Building a Strong Pacific: Our People, Our Islands, Our Will, recognising the opportunity that the theme presents to strengthen the region’s collective will to drive the region’s ambition to overcome the persistent development challenges faced by the Pacific people.

5. In recognising the Blue Pacific narrative, endorsed by Leaders in their meeting in Samoa, Leaders also welcomed the theme as an opportunity to build on the momentum of the Blue Pacific – reminding and inspiring ‘us all’ to value the strategic potential of the region, and to act together from a position of strength.
6. In taking into account the 1st Quadrennial Pacific Sustainable Development Report which tracks the region’s progress in realising the 2030 Sustainable Development Agenda, the SIDS Accelerated Modalities of Action (S.A.M.O.A) Pathway and other global commitments, Leaders **committed** to ensuring that sustainable development in the region is achieved on its terms and in a way that recognises the region’s rich culture, national circumstances, and oceanic resources.

7. Leaders **endorsed** the first Quadrennial Pacific Sustainable Development Report in 2018 as the Pacific region’s Sustainable Development Report on the 2030 Agenda, S.A.M.O.A Pathway and other global commitments, recognising that it will support Leaders’ participation at the 2019 UN General Assembly Special Summit on the 2030 Agenda and the S.A.M.O.A Pathway Mid Term Review, including the remaining preparatory processes.

8. Leaders **reaffirmed** the prominence of regionally established mechanisms and called on all development partners, including multilateral agencies, to integrate, monitor and report on global sustainable development commitments through existing Forum mechanisms to ensure coherence in policy, implementation and accountability.

9. Leaders **directed** the Forum Secretariat to work with the Forum Troika (Samoa, Nauru and Tuvalu) to review the guidelines and format of PIF Meetings and report back to Leaders.

**REGIONALISM PRIORITIES**

10. As the Blue Pacific, Leaders **welcomed** the opportunity for building a Strong Pacific for ‘our people and our islands’ by prioritising collective actions on the following priorities:

    **Regional Security Declaration**

11. Leaders **acknowledged** the dynamic geopolitical environment that has led to an increasingly crowded and contested region, and **reaffirmed** the need for strengthened collective and cohesive action to effectively manage the regional security environment in a proactive manner.

12. Leaders **recalled** their 2017 decision on a regional security declaration and **welcomed** the extensive security discussions held on an expanded concept of security inclusive of human security, humanitarian assistance, prioritising environmental security and regional cooperation in building resilience to disasters and climate change. Leaders **acknowledged** the development of a Regional Security Declaration which builds on and complements the Biketawa Declaration, and responds to the region’s complex and evolving regional security environment.

13. Leaders **endorsed** the Regional Security Declaration to be known as the **Boe Declaration** as provided in **Annex 1** and **noted** that an action plan for implementation, supporting the proposed regional security declaration, will be developed by November 2018.

14. Leaders directed the Forum Troika to review progress of implementation of the **Boe Declaration** in mid-2019.
Climate Change and Disaster Resilience

15. Recognising that climate change presents the single greatest threat to the livelihood, security and wellbeing of Pacific people, Leaders reaffirmed the importance of immediate urgent action to combat climate change and committed to sustained, high level representation and collaboration in the lead up to, and at, the 24th Conference of Parties to the UN Framework on Climate Change Convention (COP 24) – to ensure effective progress on Pacific priorities with regards to the Paris Agreement, particularly the development of the Rule Book and Guidelines for implementing the Paris Agreement, building on the Talanoa Dialogue.

16. Leaders acknowledged the leadership of Fiji’s COP 23 presidency and called on the CROP Plus group to provide strong, coordinated support and assistance to Members’ delegations in the UN Framework Convention on Climate Change (UNFCCC) negotiations.

17. Leaders called on countries, particularly large emitters, to fully implement their Nationally Determined Contribution mitigation targets, including through the development and transfer of renewable energy, in line with committed timeframes. Leaders of Forum Island Countries called on the United States to return to the Paris Agreement on Climate Change.

18. Leaders urged the expeditious progress of the work of the taskforce for the Pacific Islands Climate Change Insurance Facility.

19. Leaders requested the UN Secretary-General to appoint a Special Adviser on climate change and security. Furthermore, Leaders called on the UN Security Council to appoint a special rapporteur to produce a regular review of global, regional and national security threats caused by climate change.

20. Leaders reaffirmed their commitment to the Framework for Resilient Development in the Pacific, recognising the value and importance of a multi-sectoral approach to addressing climate change and its impacts. Leaders acknowledged the establishment of a regional risk governance arrangement through the Pacific Resilience Partnership and the Pacific Resilience Partnership Taskforce.

21. Leaders endorsed the development of the concept of the Pacific Resilience Facility (PRF) and directed the Forum Secretariat to progress the development of the PRF.

Fisheries

22. Leaders reiterated their commitment to ensuring the long-term sustainability and viability of the region’s fisheries resources, recognising its centrality to the well-being of communities and economies.

23. In noting the outcomes of the 2018 Forum Fisheries Ministers’ meeting and recalling their 2017 decision that fisheries constitute a standing agenda item for the Forum, Leaders endorsed the proposal for an annual Regional Fisheries Ministers’ meeting, in the margins of the Forum Fisheries Committee Ministerial Meeting, to report to Leaders on all fisheries related matters,
including scientific and economic assessments of the adverse impacts of climate change and illegal, unregulated and unreported fishing.

24. Leaders welcomed Fisheries Ministers’ commitment to address the underperformance of the regional longline fishery and requested that Ministers report back to Leaders in 2019. Leaders called upon Distance Water Fishing Nations (DWFN) to remove harmful fisheries subsidies for longline fishing that lead to overcapacity and overfishing, taking note of the difficulties faced by some countries.

25. Leaders committed to supporting the advancement of the priorities identified by Fisheries Ministers for negotiations in the WCPFC through strengthened Forum engagement and advocacy with DWFN.

Oceans

26. Leaders acknowledged the urgency and importance of securing the region’s maritime boundaries as a key issue for the development and security of the region, and thereby for the security and well-being of the Blue Pacific continent. Leaders commended the SPC, the PIFFA, the Forum Secretariat and other relevant agencies for the legal and technical support and assistance on maritime boundaries delimitation.

27. Leaders committed to progressing the resolution of outstanding maritime boundary claims and report back on progress at the Forum Leaders’ meeting in 2019.

28. Leaders agreed to mobilise all relevant Forum mechanisms to advance the region’s positions in the negotiations for a new Implementing Agreement on the Conservation and Sustainable Use of Marine Biological Diversity of Areas Beyond National Jurisdiction.

29. Leaders reaffirmed their commitment to eliminate marine litter and the urgency of implementing the Pacific Marine Litter Action Plan recently endorsed by the Pacific Region Waste Roundtable.

Childhood Obesity, Early Childhood Development and Non-Communicable Diseases

30. Leaders expressed their grave concern with the increasing incidence of Non-Communicable Diseases (NCDs), noting that NCDs now represent the leading cause of premature deaths in the region. Leaders also expressed alarm at the increasing incidence of childhood obesity and stunting, particularly its impact on future generations of Pacific people – an issue that was highlighted for Leaders’ attention by the Specialist Sub-Committee on Regionalism.

31. Leaders committed to leading a whole-of-government and whole-of-society approach at the national level to address NCDs, childhood obesity and early childhood development.

32. Leaders committed to availing sufficient resources to address NCDs and childhood obesity, to ensure the effective implementation of the recommendations of the 2014 NCDs Roadmap and the 2016 NCDs Summit.
West Papua (Papua)

33. Leaders recognised the constructive engagement by Forum countries with Indonesia with respect to elections and human rights in West Papua (Papua) and to continue dialogue in an open and constructive manner.

AERIAL SURVEILLANCE

34. Leaders supported the Aerial Surveillance programme to be implemented by MOUs entered into by each government, and constituent parts, with PIFFA.

35. Leaders committed to ensuring processes (including national level coordination) are made as efficient as possible to ensure the program is implemented efficiently.

36. Leaders acknowledged the support of the Government of Australia to strengthen the surveillance capabilities of participating Members.

STRENGTHENING ARRANGEMENTS FOR REGIONALISM

37. Leaders reaffirmed the importance of whole-of-government engagement to drive its regional priorities, recognising their individual responsibility for maintaining the momentum for implementation of the regional policy agenda.

Charter of the Council of Regional Organisations in the Pacific

38. In this respect, Leaders endorsed the revised Charter of the Council of Regional Organisations in the Pacific (CROP) Charter, to ensure full alignment with the Framework for Pacific Regionalism and strengthen CROP cooperation, coordination and collaboration, under the oversight of the CROP Chair.

39. Leaders directed CROP agencies to strengthen collaboration and effectively implement commitments reflected under the revised CROP Charter.

40. Leaders conveyed their appreciation to Mr James Movick, Director General of the PIFFA, and Professor Rajesh Chandra, Vice Chancellor of the USP, for their commitment and service to the region. Leaders welcomed the appointment of Dr Manumatavai Tupou-Roosen as Director General of the PIFFA.

Pacific Islands Forum Secretariat Sustainable Funding Resolution

41. In recognising the importance of increasing Members’ equitable ownership of the Secretariat, Leaders endorsed the ongoing Secretariat reforms to ensure adequate and predictable funding of the Secretariat to safeguard its role as an independent body providing high quality policy advice to advance regionalism and approved the Sustainable Funding Resolution (Annex 2), with qualification.
Associate Membership

In considering the Forum’s capacity to represent the Pacific Islands region, consistent with the vision and objectives of the Framework for Pacific Regionalism, Leaders endorsed the admission of Wallis and Futuna as an Associate Member to the Pacific Islands Forum.

28th Smaller Island States Leaders Meeting

With qualification, Leaders endorsed the Summary of Decisions of the 28th Smaller Island States Leaders Meeting.

DATE AND VENUE OF NEXT MEETING

Leaders welcomed and confirmed the future hosts of the Forum as follows: Tuvalu in 2019 and Vanuatu in 2020.

COUNTRY INITIATIVES

Pacific Fusion Centre

Leaders welcomed Australia’s decision to work with regional security agencies to establish a Pacific Fusion Centre that will build on current regional frameworks to strengthen information sharing and maritime domain awareness to better inform security responses to some of the main threats outlined in the Boe Declaration, such as illegal fishing, drugs trafficking and other transnational crimes. Leaders urged the importance of working together to develop a fit-for-purpose Pacific regional fusion facility and to conduct a feasibility study in the last quarter of 2018.

Nuclear legacy and Other Issues in the Pacific

Leaders reaffirmed their commitment to addressing the outstanding security threats from nuclear legacy issues, including radioactive contaminants, World War II relics and unexploded ordnance in the Blue Pacific and called on all responsible parties to rectify the ongoing impacts of contaminants in the Ocean to sustain future generations.

Leaders directed the Forum Secretariat, in coordination with CROP agencies, to further advance national and regional efforts towards a just and final resolution, including through Forum international engagement and advocacy.

2018 Asia Pacific Economic Cooperation Meeting

Leaders welcomed Papua New Guinea’s invitation as Chair of the 2018 Asia Pacific Economic Cooperation (APEC) to participate in an informal dialogue between Leaders of Forum Island Countries and Territories and APEC Leaders in the margin of the APEC Summit.

UN Treaty on the Prohibition of Nuclear Weapons
49. Leaders noted the signature and ratification by the Cook Islands of the UN Treaty on the Prohibition of Nuclear Weapons on 5th September 2018, joining Palau as the first and New Zealand as the second Forum Members to sign and ratify the Treaty, and encouraged individual Member countries to progress efforts, as they deem appropriate.

Culture

50. Leaders noted the importance of and supported the mainstreaming of culture across the regional development agenda to protect, preserve and promote traditional knowledge and skills. Leaders noted the outcomes of the 4th Culture Ministers Meeting and welcomed the commitment of Ministers responsible for Culture and supported the integration of regional strategies, including those on gender, employment, education, trade, tourism and environment.

Anti-Corruption Regional Meeting

51. Leaders noted the intention of the Republic of Kiribati to host a regional meeting on anti-corruption in 2019.

2020 Our Oceans Conference

52. Leaders welcomed Palau’s intention to host the 2020 Our Oceans Conference and agreed to support Palau by advocating for financial and technical assistance from Development Partners.

2018 Climate Vulnerable Forum Virtual Summit

53. Leaders supported the 2018 Climate Vulnerable Forum Virtual Summit of Heads of Government hosted by the Republic of the Marshall Islands, the first to use an innovative entirely online format, on 22 November 2018, as a UNFCCC Talanoa Dialogue event towards increased ambition in climate action by 2020. Leaders called on world leaders to participate in solidarity with the most vulnerable nations.

Waste

54. Leaders recognised that waste is a critical issue for the Blue Pacific.

Pacific Islands Sports Ministers Agreement

55. Leaders noted the agreement of the 2018 Pacific Islands Sports Ministers Meeting to establish a Pacific Islands Sports Ministers’ Secretariat, including the proposal for a new operational and funding model for the Pacific Games. Leaders also noted their decision to review the Games Charter and the Host Agreement with the Pacific Games Council.

Country Classification

56. Leaders noted Solomon Islands’ imminent graduation from Least Developed Country status and its subsequent request to defer the graduation date to allow time for comprehensive due diligence and the development of its graduation road map to ensure a smooth transition. Leaders further noted Solomon Islands’ request for support of its proposal at the relevant fora.
Referendum on self-determination

57. Leaders **acknowledged** the progress towards the referendum on self-determination in New Caledonia on 4 November, 2018 and **welcomed** the invitation by France for a Forum Ministerial Committee Mission to the referendum under the auspices of the UN.

Pacific Islands Forum Secretariat
Yaren, Nauru

5 September 2018
Recognising and reaffirming our endorsement of the Biketawa Declaration in the year 2000 and recalling the principles underpinning the Biketawa Declaration such as commitment to good governance, belief in the liberty of the individual under the law, upholding democratic processes and institutions and recognising the vulnerability of Member countries to threats to their security; 

Recalling our vision and values for the Pacific under the Framework for Pacific Regionalism, as a region of ‘peace, harmony, security, social inclusion and prosperity so that all Pacific people can lead free, healthy and productive lives’;

Recognising our endorsement of the ‘Blue Pacific’ identity to drive collective action in support of our vision under the Framework for Pacific Regionalism;

Recalling our agreement at the 48th Forum Leaders’ Meeting in Apia, Samoa, to build on the Biketawa Declaration and other Forum related security declarations and agreements as the foundation for strategic future regional responses;

Recognising the importance we placed on an expanded concept of security inclusive of human security, humanitarian assistance, prioritising environmental security, and regional cooperation in building resilience to disasters and climate change, including through regional cooperation and support;

Respecting the principle of non-interference in the domestic affairs of Forum Members; and

Recognising the need to strengthen regional security cooperation and collective action through the assertion of Our Will and the voices of Our Pacific Peoples.

HEREBY DECLARE AS FOLLOWS:

(i) We reaffirm that climate change remains the single greatest threat to the livelihoods, security and wellbeing of the peoples of the Pacific and our commitment to progress the implementation of the Paris Agreement;

(ii) We recognise an increasingly complex regional security environment driven by multifaceted security challenges, and a dynamic geopolitical environment leading to an increasingly crowded and complex region;

(iii) We affirm our stewardship of the Blue Pacific and aspire to strengthen and enhance our capacity to pursue our collective security interests given our responsibility to sustain our Pacific peoples and our resources;
(iv) We **respect** and **assert** the sovereign right of every Member to conduct its national affairs free of external interference and coercion;

(v) We **reaffirm** the right of Members to individually and collectively address security issues and concerns;

(vi) We **reaffirm** the importance of the rules-based international order founded on the UN Charter, adherence to relevant international law and resolution of international disputes by peaceful means;

(vii) We **affirm** an expanded concept of security which addresses the wide range of security issues in the region, both traditional and non-traditional, with an increasing emphasis on:

   a. Human Security, including humanitarian assistance, to protect the rights, health and prosperity of Pacific people;
   b. Environmental and resource security;
   c. Transnational crime; and
   d. Cybersecurity, to maximise protections and opportunities for Pacific infrastructure and peoples in the digital age;

(viii) We **recognise** that national security impacts on regional security, and therefore commit to strengthening our respective national security approaches by:

   a. developing our national security strategies; and
   b. strengthening national security capacity including through training;

(ix) We commit to strengthening the existing regional security architecture inclusive of regional law enforcement secretariats and regional organisations to:

   a. account for the expanded concept of security;
   b. identify and address emerging security challenges;
   c. improve coordination among existing security mechanisms;
   d. facilitate open dialogue and strengthened information sharing;
   e. further develop early warning mechanisms;
   f. support implementation;
   g. promote regional security analysis, assessment and advice; and
   h. engage and cooperate, where appropriate, with international organisations, partners and other relevant stakeholders;

(x) We **commit** to continuing regular Leaders’ level discussions on the expanded concept of security as part of securing our Blue Pacific.
Annex 2

Resolution on Sustainable Funding of the Pacific Islands Forum Secretariat

The Leaders of the Member Governments of the Pacific Islands Forum:

Recalling Forum Leaders admitted French Polynesia and New Caledonia as full Members of the Forum on 10 September 2016 at the 47th Pacific Islands Forum in Pohnpei, and accorded the Federated States of Micronesia with the status of a Smaller Island State, which necessitates a readjustment of the shares set out in the Annex to the Agreement Establishing the Pacific Islands Forum Secretariat done at Tarawa, Kiribati on 30 October 2000 (the Agreement);

Acknowledging that the shares contained in the Annex have not been reviewed since they were set in 1996, that membership contributions have remained relatively static since that time and no longer adequately fund the operating costs for the core functions of the Secretariat;

Aware that the Secretariat’s funding needs to be sustainable, to ensure it can efficiently and effectively carry out its primary policy advisory function; and

Desiring to promote greater ownership by all Members, and equity amongst all Members, of the Pacific Islands Forum and its Secretariat, and ensure the work programme and regional agenda is determined by Members:

(i) determine new shares for Member governments to meet the costs of the Secretariat under Article X.2 of the Agreement as set out in Annex A to this resolution, to replace those currently set out in the Annex to the Agreement effective from 1 January 2019;

(ii) agree to increase the proportion of assessed Member contributions to be 51% of the Primary Budget (the costs of operating the Secretariat to discharge its core functions) through progressive pre-determined, incremental adjustments over a period of 9 years, starting in 2019;

(iii) institute a triennial review of the level of assessed membership contributions and voluntary contributions, with the first review in 2021 to incorporate an assessment of options for an adjustment factor, to address the vulnerability and financial challenges of Members;

(iv) strongly encourage countries that provide Voluntary Contributions to do so on a three-yearly basis that is aligned to the triennial review period;

(v) approve the parameters set out in Annex B for the use by the Secretariat of extra budget funding from donors;

(vi) agree that administration fees from extra budget funding from donors must not be used to fund the Secretariat’s regional policy advisory functions; and

(vii) agree that any shortfall from extra budget funding from donors of the cost of Service Delivery functions must be funded by user fees or special Member assessments, from 1 January 2019.
## Revised Scale of contributions to the Budget

(used to determine the Assessed Contributions from Members)

<table>
<thead>
<tr>
<th>Member</th>
<th>% contribution 2019 (transitional)</th>
<th>% contribution 2020 (transitional)</th>
<th>% contribution 2021 and subsequent years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>31.95</td>
<td>28.17</td>
<td>24.50</td>
</tr>
<tr>
<td>Cook Islands</td>
<td>1.11</td>
<td>1.34</td>
<td>1.50</td>
</tr>
<tr>
<td>Federated States of Micronesia</td>
<td>1.11</td>
<td>1.34</td>
<td>1.50</td>
</tr>
<tr>
<td>Fiji</td>
<td>3.08</td>
<td>3.73</td>
<td>4.41</td>
</tr>
<tr>
<td>French Polynesia</td>
<td>3.15</td>
<td>3.81</td>
<td>4.45</td>
</tr>
<tr>
<td>Kiribati</td>
<td>1.11</td>
<td>1.34</td>
<td>1.50</td>
</tr>
<tr>
<td>Nauru</td>
<td>1.11</td>
<td>1.34</td>
<td>1.50</td>
</tr>
<tr>
<td>New Caledonia</td>
<td>3.94</td>
<td>4.77</td>
<td>5.60</td>
</tr>
<tr>
<td>New Zealand</td>
<td>31.95</td>
<td>28.17</td>
<td>24.50</td>
</tr>
<tr>
<td>Niue</td>
<td>1.11</td>
<td>1.34</td>
<td>1.50</td>
</tr>
<tr>
<td>Palau</td>
<td>1.11</td>
<td>1.34</td>
<td>1.50</td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>7.54</td>
<td>9.13</td>
<td>11.10</td>
</tr>
<tr>
<td>Republic of the Marshall Islands</td>
<td>1.11</td>
<td>1.34</td>
<td>1.50</td>
</tr>
<tr>
<td>Samoa</td>
<td>2.34</td>
<td>2.83</td>
<td>3.32</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>2.27</td>
<td>2.75</td>
<td>3.20</td>
</tr>
<tr>
<td>Tonga</td>
<td>2.20</td>
<td>2.67</td>
<td>3.12</td>
</tr>
<tr>
<td>Tuvalu</td>
<td>1.11</td>
<td>1.34</td>
<td>1.50</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>2.33</td>
<td>2.83</td>
<td>3.30</td>
</tr>
<tr>
<td><strong>Associate Member</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tokelau</td>
<td>0.37</td>
<td>0.42</td>
<td>0.50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>
Parameters for use of Extra Budget funding by the Secretariat

Use 1: Support of Regional Policy Development

a. To supplement policy formulation where specific activity costs can be identified.
b. To provide dedicated funds to support the implementation of a Leaders’ Regional Policy initiative.

Use 2: Advisory Support (as part of capacity building)

Where funds are needed to support the capacity of individual Members to meet the objectives of a regional policy decision.

Use 3: Service Delivery

Where other services or benefits are being provided to a wide range of identifiable users, and economic funding principles indicate that the cost of providing these should otherwise be funded through direct charges on users or beneficiaries.
2018 Forum Economic Ministers Meeting

Koror, Palau
26-27 April, 2018
2018 FORUM ECONOMIC MINISTERS MEETING

Tommy E. Remengesau, Jr. Building
Palau International Coral Reef Centre, Koror, Palau
26-27 April, 2018

FEMM ACTION PLAN

The 21st meeting of the Forum Economic Ministers was held at the Palau International Coral Reef Centre, Koror, Palau. The Forum Economic Ministers Meeting (FEMM) was chaired by the Minister for Finance of Palau, the Honourable Elbuchel Sadang, and supported by the Secretary General of the Pacific Islands Forum, Dame Meg Taylor.

2. The following Forum Member Countries were represented: Australia, Cook Islands, the Federated States of Micronesia, French Polynesia, Kiribati, Republic of the Marshall Islands, Nauru, New Caledonia, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Representatives from the Council of Regional Organisations in the Pacific included: The Pacific Power Association, the Pacific Community and the University of the South Pacific. FEMM Observer representatives included: the Asian Development Bank, Asian Infrastructure Investment Bank (on special invitation), the Delegation of the European Union to the Pacific (including the European Investment Bank), the International Monetary Fund Resident Representative Office, Pacific Association of Supreme Audit Institutions, the Pacific Financial Technical Assistance Centre, the Pacific Islands Private Sector Organisation, the Pacific Provident Funds and Social Security Forum (on special invitation), the United Nations Resident Coordinator for the Pacific (including the Economic and Social Commission for Asia and the Pacific and the United Nations Development Programme), the University of the South Pacific and the World Bank Group. Private Sector representatives and Civil Society Organisations also held a dialogue with Forum Economic Ministers on Friday, 27 April 2018.

3. The theme of the 21st FEMM was “Building Economic Resilience of the Pacific Island Countries through Sustainable Financing Flows”.

SETTING THE SCENE: REGIONAL ECONOMIC AND SDGS & STATISTICS UPDATE

4. The World Bank Group provided an update on the global economy and regional economic update, with respect to the challenges and opportunities for Forum Island Countries (FICs), identified in their Pacific Possible Report. Ministers considered an update on regional efforts to prepare the first quadrennial Pacific Sustainable Development Report in 2018, and
the state of statistics and related issues in the region. Ministers also considered a summary of the readiness of the region to provide up-to-date and accurate statistics to meet national, regional and international planning and reporting requirements including for the 2030 Agenda for Sustainable Development, SIDS Accelerated Modalities of Action Pathway (SAMOA Pathway) and the Framework for Pacific Regionalism (FPR). Discussions also considered the resources required in the region for building statistical capacity and reporting for evidence-based economic policy and analyses, as well as the need for better collaboration by key stakeholders in the region.

5. Ministers:

**Update on the Pacific Roadmap for Sustainable Development & State of Statistics in the Region**

(1) **Agreed** to take leadership of the national implementation of the Pacific Roadmap for Sustainable Development as approved by Forum Leaders in September 2017 by:

   (i) ensuring country validation and completion of the Country Data sheets for the 132 Pacific Sustainable Development Indicators to inform the 2018 Pacific Sustainable Development Report to be considered by the Forum Officials Committee Meeting in August 2018 and Pacific Islands Forum Leaders Meeting in September 2018;

   (ii) supporting engagement of Ministries of Finance and Planning in south-south cooperation and peer-to-peer learning for Voluntary National Reporting on the SDGs and prioritise where appropriate the use of national and regional Pacific expertise in development efforts prior to considering international expertise; and

   (iii) ensuring ‘no one is left behind’ by considering more targeted resource allocation including appropriate social protection measures to reduce inequality, especially for vulnerable groups such as including women, youth, elderly and persons living with disabilities, and those in rural and remote areas and islands.

(2) **Considered** and **endorsed** the priorities for implementing the Pacific Roadmap for Sustainable Development;

(3) **Agreed** to receive and consider future reporting by the Pacific Steering Committee for Sustainable Development on challenges and actions required for the implementation of the Pacific Roadmap for Sustainable Development;

(4) **Noted** and **endorsed** the progress made in statistical developments since the commencement of the Ten Year Pacific Statistics Strategy (TYPSS) and the increasing demand for statistics in the region, especially for reporting on the SDGs and national priorities;

(5) **Supported** the call for additional and sufficient funding commitments by governments and development partners:
(i) to strengthen national statistical systems across all of the public sector to improve quality of data and analysis (disaggregated by sex, location and disability) for informed national and regional policy making, monitoring and accountability including for the 2030 Agenda, SDGs, SAMOA Pathway, the Framework for Pacific Regionalism (FPR) and the Pacific Leaders’ Gender Equality Declaration (PLGED); and

(ii) for the conduct of the core statistical collections presented to Economic Ministers and ensure greater coordination between development partners and governments in scheduling core statistical collections to minimise disruptions by unplanned surveys.

(6) **Agreed** that governance and financing of regional statistics will be a standing agenda item at Forum Economic Officials Meeting and will be tabled at the Forum Economic Ministers Meeting, if decisions are required.

**FINANCING ECONOMIC RESILIENCE IN THE PACIFIC**

6. The core paper for the 2018 FEMM - the proposal for a Pacific Resilience Facility, was discussed thoroughly by the Economic Ministers. After consideration of a regional finance facility at the 2017 FEMM, the FEMM Troika, comprising Cook Islands, Samoa, Palau discussed the need for a Pacific Resilience Facility. Economic Ministers agreed on the establishment of a Technical Working Group comprised of Cook Islands, Palau, Samoa, Fiji, New Zealand and supported by the Forum Secretariat provided oversight to the development and technical feasibility of the proposal. The Forum Secretariat carried out extensive consultations across the PIF membership, supported by the Technical Working Group, to inform and guide the development of the proposal tabled at the 2018 FEMM.

7. The Pacific Resilience Facility proposal was guided by the principles of: (1) Building regional ownership; (2) Affordable and contextualised financing; (3) Additionality and complementarity of funds to build resilience; and (4) Investment in preparedness to minimise loss of lives and significant economic losses. In addition, the strategic objectives of the PRF are to:

   (i) Strengthen the collective financial resilience of FICs;

   (ii) Provide cost-efficient and contextualised financing options for resilient development;

   (iii) Strengthen strategic and genuine partnership with key development partners; and

   (iv) Encourage capacity development in national disaster risk budgeting and financing.

8. Ministers acknowledged the extensive work carried out since the 2017 FEMM in refining the Pacific Resilience Facility, including additional technical details, financial analyses and consultation with PIF Members and key development partners. While endorsing the Pacific Resilience Facility and proposed next steps, Ministers agreed to progress to the technical design phase, to refine and address relevant operational aspects of the Pacific Resilience Facility.
9. As directed by 2017 Forum Leaders, Economic Ministers also considered a concept note on the development of a Pacific Islands Climate Change Insurance Facility (PICCIF). The concept note outlined the recent work undertaken to develop a mechanism to manage financial vulnerability and risks to the impacts of climate change and improve resilience in the region. The Ministers considered the progress made to-date on the PICCIF and agreed that significant further work is required by the recently established Taskforce, led by Tuvalu. Ministers emphasised that the roadmap should be a living document to incorporate their feedback and ongoing discussions.

10. To improve accessibility and management of climate change and disaster risk finance, Ministers considered a paper on the region’s opportunities for strengthening private sector investment in low-carbon, climate resilient development. Discussions included: the scale of financing required by FICs; the status of the region’s accessibility to international climate change and disaster funds; ensuring the effectiveness of funds being accessed by FICs; the status of private sector engagement and key barriers to private sector engagement; and, options for strengthening private sector engagement.

11. The Pacific Investment Forum [composed of Sovereign Wealth Funds, Social Security and Pension Funds, and Provident Funds] presented their proposal for co-investment opportunities in infrastructure in Forum Island Countries. Ministers appreciated the interest from the Pacific Investment Forum for co-investment in the region, and recognised that support of Forum Economic Ministers was essential in further advancing and exploring the opportunities for collaboration and co-investment in the region between governments and members of the Pacific Investment Forum, through the establishment of a Working Group. Australia encouraged Economic Ministers and the Pacific Investment Forum to closely coordinate and dialogue with the Global Infrastructure Hub, noting that the Global Infrastructure Hub has done significant amount of work in this area since its establishment.

12. Ministers:

*The Pacific Resilience Facility*

1. **Commended** the FEMM Troika and Technical Working Group, Forum Island Countries (FICs) that supported the in-country consultations, and Pacific Islands Forum Secretariat (PIFS) for their effort in developing the proposal for a Pacific Resilience Facility;

2. **Endorsed** the proposal for a Pacific Resilience Facility and commended it for Forum Leaders consideration at the 2018 Forum Leaders meeting in Nauru, noting that the technical work to establish the Facility will be needed;

3. **Formalised** the Technical Working Group on the Pacific Resilience Facility to comprise the existing members (Cook Islands, Samoa, Palau, Fiji and New Zealand) and **agreed** that the Technical Working Group work under the close guidance of the FEMM Troika;
(4) **Supported** the next phase of technical analyses and assessments for establishing and operationalising the Pacific Resilience Facility with close oversight and guidance from the FEMM Troika and Technical Working Group, and provide relevant, regular feedback to the FICs; and

(5) **Tasked** the Technical Working Group, with support from PIFS to develop a funding strategy for the capitalisation of the Pacific Resilience Facility.

**Pacific Islands Climate Change Insurance Facility (PICCIF) Proposal**

(6) **Noted** the establishment of the PICCIF Taskforce;

(7) **Acknowledged** and **agreed** to the proposed Roadmap to progress the PICCIF Taskforce’s work plan in 2018-2019 and **requested** that the Taskforce update the Roadmap to reflect the feedback provided by Ministers at the FEMM; and

(8) **Recognised** the substantial amount of analytical work needed to develop the PICCIF concept further, before Ministerial consideration can be facilitated in 2019.

**Climate Change and Disaster Risk Finance**

(9) **Welcomed** the recent GCF Board’s adoption of the Simplified Approval Procedure, and **urged** the GCF to fast-track the disbursement of approved funds to FICs and promote a programmatic approach;

(10) **Invited** donors to provide resources to support the consolidation of public financial management systems matrix for the remaining FICs, and **requested** the Secretariat to report on this as well as the national climate finance tracking tool in the next FEMM;

(11) **Requested** partners to support additional private sector workshops in Micronesia and Polynesia, and **tasked** the PIFS to develop an options paper for private sector access to climate finance, including a donor database, for consideration in the next FEMM; and

(12) **Agreed** to provide a status report in the next FEMM on how respective governments are addressing the specific barriers to private sector engagement.

**Co-Investment: Attracting Investment in Long-Term Infrastructure Investment in the Pacific**

(13) **Supported** the establishment of a Working Group to develop a Pacific Infrastructure Investment Framework and to report back to the next FEMM. The Working Group to consist of representatives from the Pacific Investment Forum, PIFS and relevant technical agencies, as required; and
(14) **Encouraged** PIFS to monitor and leverage off the leading edge work of the G20 (and other forums), and in particular of the Infrastructure Working Group, so as to inform future consideration of infrastructure issues by Economic Ministers at the FEMM.

FEMM STANDING AGENDA ITEMS & OTHER FEMM ISSUES

13. Economic Ministers noted and supported the rationalisation of the FEMM Standing Agenda Items for an out-of-session update on these issues. They considered FEMM Observer applications by the Asian Infrastructure Investment Bank (AIIB) and Global Green Growth Institute (GGGI), and the release of FEMM substantive issues papers. Ministers warmly welcomed Vanuatu’s offer to host the 2021 FEMM.

14. Ministers:

**Options to Rationalise the FEMM Standing Agenda Items**

(1) **Considered** and **endorsed** FEMM Standing Agenda items to be included in the FEMM Agenda on demand, as a means to rationalise the FEMM standing agenda items. The FEMM standing agenda items will be shared under PIFS Circular to Member countries out-of-session.

**Update on Remittances**

(2) **Noted** the importance of remittance flows in the Pacific and **reaffirm** the importance of the Pacific attaining the United Nations’ SDG target of 3% average remittance costs;

(3) **Noted** that remittance costs remain under pressure in the Pacific, and that de-risking continues to be a driver of remittance market challenges in the region;

(4) **Welcomed** the report from the Financial Stability Board to G20 ministers on practical actions to address de-risking;

(5) **Reiterated** their commitment to maintaining domestic and regional momentum on this issue in order to drive remittance costs lower; and

(6) **Encouraged** New Zealand, Australia and other development partners to continue seeking domestic, regional and international solutions.

**Application by AIIB and GGGI: FEMM Special Technical Observer**

(7) **Endorsed** AIIB’s application to be a Special Technical Observer at FEMM; and

(8) **Endorsed** GGGI’s application to be a Special Technical Observer at FEMM, conditional upon its full recognition of all PIF members.

**Confirmation of Host of Next FEMM and Release of FEMM Papers**

(9) **Noted** that the 2019 and 2020 FEMM will be held at PIFS in Suva, in accordance with the FEMM Charter and **confirmed** the offer by Vanuatu to host FEMM in 2021; and
(10) **Supported** the release of the substantive FEMM issues papers.

*Out of Session Papers*

(11) **Noted** the out-of-session papers.

**OTHER MATTERS**

15. Palau emphasised the importance of contextualised multilateral and development partners to take into account the unique characteristics of the Forum Island Countries (FICs), including the vulnerabilities of our small island economies in particular to the mounting impacts of climate change and disasters. The criteria used for country classification, and the associated access to official development assistance through multilateral and global sources, must be re-examined particularly for FICs. To that end, Palau sought timely support through the FEMM, for the establishment of a working group that would be tasked to develop a strategy aimed to address these issues.

16. Ministers:

   (1) **Agreed** to the establishment of a working group, comprising select representatives, to develop the strategy on improving access to financing for Forum island countries;

   (2) **Agreed** that a substantive report be tabled for the consideration of Ministers at the 2019 Forum Economic Ministers Meeting; and

   (3) **Agreed** that exploratory discussions, including with regional donors, on this proposal be progressed by the Secretariat to inform its work on this issue

**DEVELOPMENT PARTNERS ROUNDTABLE WITH FORUM ECONOMIC MINISTERS**

17. The inaugural *Development Partners Roundtable with Forum Economic Ministers* was held on 27 April, 2018 in Koror, Palau.

18. Ministers acknowledged that the purpose of the dialogue with development partners is to realise alignment of their resources to implement the Forum agenda, as called for by Leaders in 2017. Further, to support opportunities to strengthen engagement with development partners to deliver regional impact for the Pacific, including building resilience to climate change and disasters at national and regional levels.

19. In the spirit of the Framework for Pacific Regionalism, Ministers encouraged development partners to embrace a renewed way of working together with PIF members to hold more robust and meaningful dialogue on the key priorities of the Blue Pacific and what can be done collectively to take forward Leaders priorities.
20. The Economic Ministers highlighted a number of key integrated national and regional issues:

(1) reiterated the increasing need for additional financing to build resilience to climate change and disaster risk management, while ensuring continued support for social programmes. Noting that there is significant financing gap for FICs;

(2) maximising government revenues (such as from upper air space management and fisheries) through ongoing capacity building support from development partners, as part of FICs’ domestic resource mobilisation to finance their development initiatives;

(3) blending domestic and international public finance, and the need for better alignment, coordination and integration among development partners on their reporting requirements when co-financing projects in FICs, to increase efficiencies, reduce the turnaround time on project approvals and delays in disbursements; and

(4) improving access to pre-project financing approved by the Multilateral Development Banks (MDBs) and encouraged the use of the existing national Central Banks systems as the focal point for release of project finance from MDBs.

21. Development Partners:

(1) **Noted** the efforts to align their work programmes in the Pacific region with national development strategies/plans and regional priorities as highlighted under the Framework for Pacific Regionalism;

(2) **Recognised** the need for investment in capacity building and reaffirmed the availability of technical assistance to member states, particularly in the areas of domestic resource mobilisation;

(3) **Acknowledged** the strength of regional solidarity in progressing the regional priorities and commended the strong political will shown for the *Pacific Resilience Facility* that was observed at the 2018 Forum Economic Ministers Meeting. Further urged the FICs to actively engage in the Post-Cotonou Negotiations;

(4) **Acknowledged** the opportunity to meet with Forum Economic Ministers as a collective and noted the opportunity for the region at the ADB Annual Meeting to be hosted by Fiji in 2019, to put forward a regional position on key Development partners engagement in the region, including the possibility of reviewing the base allocations of MDBs for concessional financing for all FICs; and

(5) **Noted** the role of private sector in supporting regional economies and **reaffirmed** their support for private sector development in the region, including support towards building capacity for a pipeline of economically investable programmes in the region.
FEMM MINISTERIAL RETREAT

**PIPSO**

22. Ministers:

(1) **Reaffirmed** the value of a regional private sector organisation, such as PIPSO, in the Pacific region noting the importance of the private sector as a vehicle for economic development and recognising the ongoing need to build the capacity of private sector in the region; and

(2) **Directed** the Forum Secretariat to develop a term of reference for the out-of-session consideration and approval of Ministers, for a comprehensive review of the governance of PIPSO and its strategic focus, going forward.

**Accessing Development Finance**

23. Ministers discussed country classification by income levels and its implication on Members’ access to development financing. Ministers discussed the value for a coordinated advocacy approach on the recognition of vulnerability and fragility as a criteria to access development financing.

24. Ministers:

(1) **Agreed** on the need for stronger, coordinated and consistent advocacy for the recognition of the unique vulnerabilities faced by Pacific Island States; and

(2) **Directed** the Secretariat to work with other regional groupings, such as the Caribbean Community, to progress the technical and advocacy work in this area.

**Pacific Resilience Facility**

25. Ministers:

(1) **Strongly reaffirmed** their political support for the proposal on the Pacific Resilience Facility;

(2) **Directed** the Secretariat to develop a work programme to progress the development of the Pacific Resilience Facility for the consideration of Ministers, out-of-session;
(3) **Agreed** to advise Forum Leaders on the progress of the proposal for a Pacific Resilience Facility, through the development of an Information Paper for Leaders consideration at their meeting in September, 2018; and

(4) **Agreed** on the need for consistent and coordinated advocacy on the Pacific Resilience Facility and **noted** the valuable opportunity of the ADB Annual Meeting to be held in Suva, Fiji in 2019 as an important advocacy platform.

**JOINT DIALOGUE BETWEEN THE PRIVATE SECTOR AND THE CIVIL SOCIETY ORGANISATIONS**

26. Economic Ministers, Private Sector representatives and CSOs held a joint dialogue on Friday, 27 April 2018. The outcomes of the joint dialogue is attached as **ANNEX 1**.
ANNEX 1:
OUTCOMES OF THE JOINT DIALOGUE OF ECONOMIC MINISTERS, PRIVATE SECTOR AND CIVIL SOCIETY ORGANISATIONS

Friday, 27 April 2018

PRIVATE SECTOR DIALOGUE OUTCOMES:

1. Economic Ministers acknowledged the issues raised by the Private Sector and discussed the regional repository for government procurement for regional private sector, support for disaster risk management, focus on renewable energy and financing, and private sector representation.

2. Ministers:

Disaster Risk for Business and Households

(1) **Supported** building on existing regional initiatives on the economic risk assessment and recovery model for the business sector to better inform, plan and prepare the business communities on loss and damage; and

(2) **Encouraged** agencies working in the Insurance and Climate impact spheres to work with the Private Sector to create affordable insurance products for micro and small businesses and households.

Renewable Energy

(3) **Recognised** that the Private Sector will be an important vehicle for supporting investment in renewable energy, in particular, local investments; and

(4) **Shared** a vision with the Private Sector for the region becoming 100% reliable on self-generated renewable energies.

Business Harmonisation and a Regional Tendering Process

(5) **Recommended** the development and management of a single regional tender portal for the advertisement of all Government tenders across the region; and

(6) **Recommended** that PIPSO facilitate consultations to identify priority business environment issues, based on consultations with governments, business and civil society in the region, and submit a progress report to the next FEMM in collaboration with relevant partners.

Sustainable Financing for Private Sector Representation

(7) Strengthen existing and create new partnerships with the Private Sector on matters of regional and national policy development, including Private Sector endorsed representation on relevant Government Boards;
(8) Partner with the Private Sector to deliver Government outputs on MSME development and capacity building.

CIVIL SOCIETY ORGANISATIONS DIALOGUE OUTCOMES:
3. Economic Ministers and representatives of Civil Society Organisations welcomed the opportunity for open and constructive dialogue. Economic Ministers strongly supported the focus of sports as a means for engaging youth, tackling NCDs, embracing inclusivity through including people with disabilities, and improving overall economic activity propelled by sporting activities and remittances.

4. Ministers:

(1) **Endorsed** the preliminary findings of the CSOs partnered research on *“the contribution of sports to the SDGs Roadmap and return on investment for sport in Pacific island countries with preliminary Case studies of economic and social impact of sports in Fiji and Samoa”*;

(2) **Welcomed** an expansion of regional efforts for data collection and statistical analyses to include physical education and sport for evidence-based policy making;

(3) **Endorsed** establishing a joint Pacific Sport Physical Education, and Physical Activity Action Plan; and a regional coordination mechanism to implement it through: (i) providing support and technical assistance to Forum Island countries and territories; and (ii) developing integrated systems for data collection, analyses, policy development and implementation partnership with University of the South Pacific (USP), Oceania National Olympic Committee (ONOC), and the governments of Fiji and Samoa;

(4) **Supported** initiatives to scale-up investment in Pacific youth through adequately funding the regional and national youth councils, networks and entities to support the Pacific Youth Development Framework as a regional enabler for building resilience of youth necessary for vibrant economies;

(5) **Endorsed** partnerships with CSOs to access global climate finance, as well as strengthen implementation and monitoring at the community level;

(6) **Recognised** the cost of climate-induced migration and displacement. Furthermore, called for the refinement of understanding of economic and non-economic losses arising from loss and damage applicable to the Pacific context in partnership with CSOs and their communities;

(7) **Recognised** that financial inclusion work has progressed in some PIF members, however, called for a regional financial inclusion framework in PIF members with
targeted support for vulnerable groups, including women, youth, elderly, and persons with disabilities;

(8) **Supported** the implementation of the Pacific Regional Framework on the Rights of People with Disabilities; and

(9) **Recognised** the importance of allocating requisite resources to implement the Convention on the Rights of Persons with Disabilities at the national level.
2018 Forum Foreign Ministers Meeting

Apia, Samoa
10 August, 2018
2018 FORUM FOREIGN MINISTERS MEETING

10 August 2018
Apia, Samoa

The 2018 Pacific Islands Forum Foreign Ministers Meeting was held in Apia, Samoa on 10 August 2018. The Meeting was chaired by the Honourable Prime Minister of Samoa, and was attended by the President of Nauru, the Prime Minister of the Cook Islands, the Prime Minister of Tonga, the Deputy Prime Minister of New Zealand, the Deputy Prime Minister of Samoa, and the Vice-President of New Caledonia. The meeting was also attended by Ministers from Australia, Fiji, French Polynesia, Palau, Papua New Guinea, Republic of the Marshall Islands, Samoa, Tuvalu and Vanuatu. The Federated States of Micronesia, Kiribati and the Solomon Islands were represented by officials. The Ulu o Tokelau represented Tokelau, as Associate Member.

2. The meeting was also attended by heads of the Pacific Islands Forum Fisheries Agency (FFA), the Pacific Community (SPC), the Secretariat of the Pacific Regional Environment Programme (SPREP), and the University of the South Pacific (USP).

3. Ministers expressed their appreciation to the Government of Samoa for the excellent arrangements for the meeting and the warm hospitality accorded to delegations.

Building a Strong Pacific: Our People, Our Islands, Our Will

4. Forum Foreign Ministers welcomed the theme proposed by the incoming Chair, Nauru, for the upcoming meeting of Pacific Islands Forum Leaders – ‘Building a Strong Pacific: Our People, Our Islands, Our Will’- recognising its call on the Pacific Islands Forum to strengthen our collective will to overcome our persistent development challenges and drive our own ambitions. Ministers recognised the theme as building on the Blue Pacific narrative which Forum Leaders had endorsed in 2017, and which has served to bring a revitalised commitment to regional identity and action.

5. Foreign Ministers recognised the timeliness and relevance of the theme in the current geopolitical environment. With shifts in the global geopolitical landscape bringing increasing strategic uncertainty, competition and cooperation in the Pacific, Ministers recognised both opportunities and challenges for the Pacific.

6. Foreign Ministers emphasised the need for the Pacific to act now, and to act collectively, to drive the Pacific’s own political and development ambitions. Foreign Ministers reflected on strategic opportunities for building a stronger Blue Pacific and also discussed priority areas for regional action.
7. Foreign Ministers committed to the Blue Pacific as a crucial narrative to the 2018 theme, ‘Building a Strong Pacific: Our Islands, Our People, Our Will’, enabling the Pacific Islands Forum to work together to advocate, engage and address our collective challenges, interests and opportunities that deliver on our regionalism priorities and ambitions under the Framework for Pacific Regionalism.

**Strengthening the Pacific Islands Forum’s International Engagement and Advocacy**

8. Foreign Ministers discussed the importance of effective international engagement and advocacy by the Pacific Islands Forum, and recalled their commitment in 2017 to strengthening collective diplomacy to advance the Leaders’ priorities and vision for the Pacific region.

9. Foreign Ministers stressed the importance of CROP and other agencies working together cohesively and collaboratively to effectively support Forum Members in their collective advocacy in international fora to progress the priorities of the Framework for Pacific Regionalism.

10. Foreign Ministers:
   (i) Endorsed the Strategy for PIF International Engagement and Advocacy;
   (ii) Approved the following priorities for strengthened, strategic international advocacy and engagement in 2019: International action on climate change and strengthening Pacific resilience; Strengthening sustainable ocean management, use and conservation; Strengthening and promoting regional security; and Promoting Pacific progress on, and approaches to, the 2030 Agenda, including the S.A.M.O.A. Pathway;
   (iii) Endorsed negotiating priorities and an engagement plan to support collective Forum advocacy and engagement at the 24th Conference of the Parties (COP 24) with regards to the Paris Agreement Work Programme, Talanoa Dialogues and Pre-2020 implementation and action; and
   (iv) Endorsed the need for high level, consistent and sustained representation from Forum member countries in the lead up to, and at COP 24, to support the achievement of Pacific negotiation priorities.

**Regional security – Biketawa Plus Declaration**

11. Forum Foreign Ministers recalled their recommendation to Forum Leaders in 2017 to call for comprehensive consultations to develop a new regional security declaration for Leaders’ consideration in 2018. Ministers welcomed the extensive consultations that had been undertaken by the Pacific Islands Forum Secretariat since that time to hear from a wide range of stakeholders their concerns about the regional security environment, and their expectations and ambitions for regional action on security issues.
12. Forum Foreign Ministers discussed the importance of the expanded concept of security, and the wide range of security threats to the region, including the impacts of climate change which exacerbate the damage and risks caused by nuclear waste in the Pacific. Ministers also discussed the importance of enhanced regional security cooperation.

13. Forum Foreign Ministers considered a revised draft declaration and recommended it for Leaders’ consideration and endorsement in Nauru. Ministers emphasized the importance of an effective action plan to guide the implementation of the declaration.

Securing the Pacific’s maritime boundaries

14. Forum Foreign Ministers discussed the importance of securing maritime boundaries for the development and security of our region. Ministers considered the benefits of setting maritime boundaries under the UN Convention on the Law of the Sea, including the capacity to maximise rights over our countries’ critical resources, such as fisheries, and to promote regional security.

15. Forum Foreign Ministers:

(i) Welcomed the strong demonstration of cooperation in the region which has enabled significant progress in setting shared boundaries within the region

(ii) Acknowledged with appreciation the support of SPC, FFA and Australia and other relevant agencies which have provided continued legal and technical advice and assistance under the Pacific Regional Maritime Boundaries Project;

(iii) Encouraged Members to prioritise action to finalise bilateral treaty negotiations and processes;

(iv) Noting that some outstanding maritime boundaries are with Forum Dialogue Partners, encouraged those Forum Dialogue Partners to progress negotiations with Members;

(v) Recognised the potential for declaration of the 200 nautical mile outer limits of Exclusive Economic Zones (EEZs), to realise in a practical way Leaders’ vision of the region as the ‘Blue Continent’;

(vi) Encouraged Members to consider prioritising the declaration of the outer limits of their respective EEZs; and

(vii) Recommended that Forum Members work together, with the support of CROP agencies, to develop expertise and proposals on the complex technical, legal and policy issues raised by the prospect of climate change impacts on the baselines of coastal states, including the option of referral to the UN International Law Commission as a matter of urgency.
Aerial surveillance programme in the Pacific

16. Forum Foreign Ministers:

(i) Agreed to the resolution proposed by Forum Fisheries Ministers “that all countries utilising the FFA managed Pacific Maritime Security Programme air surveillance aircraft programme will provide uniform treatment to these aircraft, with their crews and support systems to be treated as ‘State’ aircraft thereby utilising diplomatic entry clearance protocols and such waiver of government fees and charges as available to regular State aircraft”;

(ii) Noted the need for designation of a National Air Tasking Authority in each participating country to ensure coordination across relevant national agencies;

(iii) Noted that should blanket approval be granted for ‘State’ treatment, a Memorandum of Understanding will be concluded between the FFA and each participating Pacific Island member detailing operating processes consistent with the national laws and procedures of that member; and

(iv) Agreed that this matter should be referred to Forum Leaders for their consideration.

Wallis and Futuna

17. Forum Foreign Ministers commended to Leaders the application by Wallis and Futuna for associate membership to the Pacific Islands Forum.

Other matters

18. Forum Foreign Ministers noted:

(i) Palau’s invitation to Leaders to participate in the Our Oceans Conference in 2020, and request for Leaders’ support in advocating for partnerships, funding and technical support;

(ii) The update provided by Nauru on the preparations for the upcoming Pacific Islands Forum Leaders’ Meeting;

(iii) The initiative of Papua New Guinea, as chair of APEC 2018, to arrange an informal dialogue between Pacific Islands Leaders and APEC Leaders in the margins of the APEC Summit, noting that Australia and New Zealand will be invited as APEC Members;
(iv) The report from New Caledonia on preparations for their national Referendum, expected to be held on 4 November 2018; welcomed the impending invitation for the Pacific Islands Forum to observe the referendum; and recommended that New Caledonia also brief Leaders at the upcoming Forum meeting in Nauru;

(v) Vanuatu’s offer to host the Pacific Islands Forum and Related Meetings in 2020;

(vi) Vanuatu’s intention to seek a seat on the UN Special Committee on Decolonisation (C24) and its request for support;

(vii) Vanuatu’s intention to table a resolution in the UN General Assembly in 2019 seeking reinscription of Papua (West Papua) on the UN C24 List of Non-Self Governing Territories, which was met with demur by Papua New Guinea, Australia and Fiji, whilst other countries did not make a comment;

(viii) The presentation by the Republic of the Marshall Islands on the Climate Vulnerable Forum (CVF) Virtual Summit, which will take place on 22 November 2018, noting the innovative nature of this first virtual leaders’ summit, and the last leadership level Talanoa Dialogue event before UNFCCC COP24 at Katowice, Poland; the request that CROP agencies provide technical support; and the proposal that this also be brought to the attention of Leaders in Nauru;

(ix) The candidacy by the Republic of the Marshall Islands for a seat on the UN Human Rights Council for 2020-22, and its request for support;

(x) The invitation by the Republic of the Marshall Islands for Members to consider and sign the ‘UN Secretary General’s 2019 Climate Summit and Raising Ambition by 2020: A Declaration for Ambition’;

(xi) The proposal from Samoa to table the “Digital Pacific” initiative for consideration by the Leaders in Nauru, 2018;

(xii) Australia’s intention to use its hosting of the 2020 Asian Ministerial Conference on Disaster Risk Reduction, as an opportunity to promote the interests and needs of Pacific countries;

(xiii) Dr Colin Tukuitonga’s candidacy to become the Regional Director for the Western Pacific Region of the World Health Organisation, which if successful, would place a Pacific Islander in this role for the first time;

(xiv) The proposal by New Zealand for a regional dialogue on climate-induced displacement and migration issues to be held on the margins of the 2019 Pacific Islands Forum;
New Zealand’s encouragement to all Forum Members to attend the Wilton Park event, being co-hosted by New Zealand and the United Kingdom in December 2018 to raise global awareness of the impacts of climate change in the Pacific; and

New Zealand’s desire to support Forum Island countries in exploring options for addressing human rights abuses in the region’s tuna industry.

Forum Foreign Ministers also conveyed their deep appreciation for the service to the region of Mr James Movick, Director General of the FFA, Mr Colin Tukuitonga, Director General of the Pacific Community, and Professor Rajesh Chandra, Vice Chancellor of the University of the South Pacific. Ministers also conveyed their congratulations to Dr Manumatavai Tupou-Roosen for her appointment as Director-General of the FFA.

Pacific Islands Forum Secretariat
10 August 2018
Children in Nauru
© PIFS